(Securities Code: 1928)

Sekisui House, Ltd. **March 27, 2024**

Yoshihiro Nakai
Representative Director of the Board
Sekisui House, Ltd.
1-88, Oyodonaka 1-chome, Kita-ku, Osaka

NOTICE OF THE 73RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

We express our deep appreciation to each of the shareholders for your extraordinary support.
The 73rd Ordinary General Meeting of Shareholders of Sekisui House, Ltd. (the "Company" or "Sekisui House") is to be held as stated below.
Instead of attending the meeting in person, you may also review the "Reference Documents for General Meeting of Shareholders" and exercise your voting rights in writing or via the Internet by 6:00 p.m. on Wednesday, April 24, 2024. (Unless otherwise noted, all the times shown in this Notice are in Japan Standard Time.)

1. Date and Time:	10:00 a.m., Thursday, April 25, 2024
2. Place of the Meeting:	Knowledge Capital Congrès Convention Center Second Basement, North Building, Grand Front Osaka, 3-1 Ofuka-cho, Kita-ku, Osaka Note: The venue for the General Meeting of Shareholders has changed. Please ensure that you attend the correct venue.
3. Agenda:	
Items for reporting:	1. Reports on the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the 73rd fiscal year (February 1, 2023 – January 31, 2024) 2. Report on the Results of Audit conducted by the Accounting Auditor and the Audit and Supervisory Board with respect to the Consolidated Financial Statements for the 73rd fiscal year (February 1, 2023 – January 31, 2024)
Proposals to be tabled:	
Proposal No. 1	Appropriation of Surplus
Proposal No. 2	Election of 10 Directors of the Board
Proposal No. 3	Election of One Audit and Supervisory Board Member

[**Translation**: Please note that this document purports to be a translation from the Japanese original Notice of the 73rd Ordinary General Meeting of Shareholders of Sekisui House, Ltd. prepared for the convenience of non-Japanese readers. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Please also be advised that certain statements regarding voting procedures for domestic shareholders are not applicable to the shareholders outside Japan.]

4. Matters Subject to Measures for Electronic Provision:

When convening this Ordinary General Meeting of Shareholders, the Company takes measures for electronic provision and posts the matters subject to the measures for electronic provision on the Company's website.

< The Company's website >
URL: https://www.sekisuihouse.co.jp/company/financial/holders/shotsu/
https://www.sekisuihouse.co.jp/english/company/financial/holders/meeting/

The matters subject to the measures for electronic provision are also posted on the Tokyo Stock Exchange website (Tokyo Stock Exchange Listed Company Search). Please perform a search by entering the "Sekisui House" on the "Issue name (company name)" or "1928" on the "Code," select "Basic information" and "Documents for public inspection/PR information," and view the information.

< Tokyo Stock Exchange website >
URL: https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

- In the event that it becomes necessary to revise any item in the matters subject to the measures for electronic provision, the revised items will be posted on each of the websites where such matters are posted.
- In accordance with the provisions of laws and regulations and Article 16 of the Articles of Incorporation of the Company, the paper copy sent to shareholders who have requested it does not include the "Outlines of Stock Acquisition Rights" and the "System to Ensure the Due Execution of Duties and the Status of Its Implementation" in the Business Report, the "Consolidated Statements of Changes in Net Assets" and the "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements, and the "Non-Consolidated Statements of Changes in Net Assets" and the "Notes to Non-Consolidated Financial Statements" in the Non-Consolidated Financial Statements of the matters subject to the measures for electronic provision. Therefore, the paper copy is part of the documents audited by the Audit and Supervisory Board Members and the Accounting Auditor when preparing the audit report.
- "Reference Documents for General Meeting of Shareholders" are also sent to shareholders who have not requested the paper copy.

5. Guidelines of the Exercise of Voting Rights:

Please exercise your voting rights after reviewing the "Reference Documents for General Meeting of Shareholders."
In addition to attending the General Meeting of Shareholders in person, the following two methods are available for exercising your voting rights.

In writing	Via the Internet
Exercise deadline: Votes must be received by 6:00 p.m. on Wednesday, April 24, 2024 Please indicate on the enclosed voting form whether you approve or disapprove the proposals listed, and return it so that your vote is received by the exercise deadline above. If there is no indication of approval or disapproval for the proposal on the voting form, your vote for the proposal shall be counted as approval.	Exercise deadline: The exercise of a voting right via the Internet, must be completed by 6:00 p.m. on Wednesday, April 24, 2024. Please see page 3 for details.

Handling of votes when voting rights are exercised more than once

(1) In case that a voting right is exercised both in writing and via the Internet, only the vote registered via the Internet will be recognized valid.
(2) In case that a voting right is exercised more than once via the Internet, only the last vote will be recognized valid.

* If attending the meeting in person, please submit the enclosed voting form to the receptionist at the meeting.
* The results of the resolution at the General Meeting of Shareholders will be posted on the Company's website.

Guidelines regarding the exercise of a voting right via the Internet:

The exercise of a voting right via the Internet, must be completed by 6:00 p.m. on Wednesday, April 24, 2024

(1) Access the website for exercising votes using QR code:

i) By scanning the QR code shown on the voting form, you can log in to the website for exercising votes without the log-in ID and temporary password shown on the form.

*The "QR code" is a registered trademark of DENSO WAVE INCORPORATED.

ii) Please indicate whether you approve or disapprove the items on the agenda by following the instructions on the display screen.

(2) Access the website for exercising votes using the log-in ID and temporary password:

i) Please access the website using the following URL.

https://evote.tr.mufg.jp/

ii) Log in using the log-in ID and temporary password which are shown on the voting form and press the login button.

iii) Please indicate whether you approve or disapprove the items on the agenda by following the instructions on the display screen.

Depending on the Internet connection of your computer or smart phone, the website for exercising votes may not be available.

(3) Inquiries regarding the exercise of a voting right via the Internet:

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Service Support: 0120 (173) 027 *

Business Hours: from 9:00 a.m. to 9:00 p.m. (toll free; within Japan only)

(4) To institutional investors

Institutional investors are entitled to use the Electronic Voting Platform operated by ICJ to electronically exercise your voting rights for this General Meeting of Shareholders.

* The service is available in Japanese only.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1: Appropriation of Surplus

The Company proposes to appropriate surplus as stated below.

1. Matters related to year-end dividends:

In view of profit situation and dividend policy, the Company proposes that a year-end dividend of ¥64 per share be paid for the fiscal year under review. Since the Company paid an interim dividend of ¥59 per share on September 29, 2023, the annual dividend for the fiscal year under review totals ¥123 per share.

(1) Type of dividend property:

Cash

(2) Matters related to the appropriation of dividend property and total amount thereof:

¥64 per common share of the Company Total amount: ¥41,479,926,208

(3) Date on which dividends take effect:

April 26, 2024

2. Other matters related to the appropriation of surplus:

The Company plans to make the following changes to internal reserves to strengthen the management base in preparation for active business expansion in the future.

(1) Item of surplus to be increased and amount thereof:

General reserve: ¥50,000,000,000

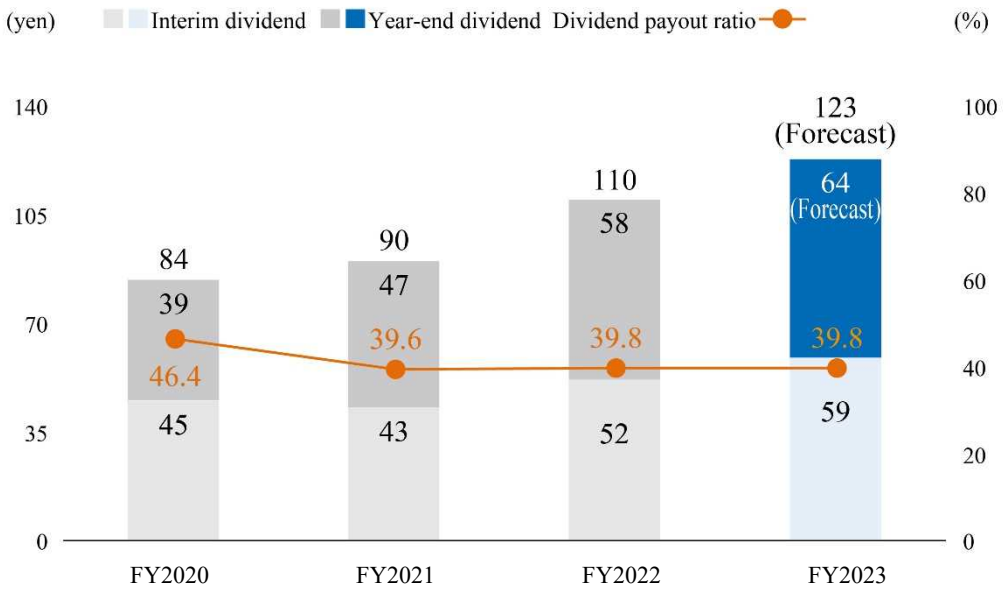
(2) Item of surplus to be decreased and amount thereof:

Retained earnings brought forward: ¥50,000,000,000

(Reference) Basic Policy on Profit Distribution (Fiscal Year Ended January 31, 2024)

The Company recognizes the maximization of shareholder value as one of the most important management issues. Accordingly, the Company will not only increase earnings per share through sustainable business growth, but also promote growth investments and enhance shareholder returns, comprehensively taking into account the status of profits and cash flows in each fiscal year and future business development, among other factors. The Company will also make efforts to increase shareholder value by targeting at least a 40% average dividend payout ratio over the medium-term and establishing a minimum for annual dividends of ¥110 per share (the result for FY2022) over the term of the Sixth Mid-Term Management Plan (FY2023–FY2025) to enhance the stability of shareholder returns, as well as by acquiring its treasury stock in a flexible manner.

Transition of dividends per share and dividend payout ratio (consolidated)



Net sales (Millions of yen)	2,446,904	2,589,579	2,928,835	3,107,242
Operating income (Millions of yen)	186,519	230,160	261,489	270,956
Ordinary income (Millions of yen)	184,697	230,094	257,272	268,248
Net income attributable to owners of parent (Millions of yen)	123,542	153,905	184,520	202,325
Net income per share (Yen)	181.18	227.37	276.58	309.29
Dividends (Yen)	84.00	90.00	110.00	123.00
Dividend payout ratio (%)	46.4	39.6	39.8	39.8

Proposal No. 2: Election of 10 Directors of the Board

The terms of office of all 10 current Directors of the Board will expire at the close of this Ordinary General Meeting of Shareholders.

The Company proposes to elect 10 Directors of the Board, including 5 Outside Directors of the Board.

The candidates for Director of the Board are as follows:

No.	Name		Gender	Current post in the Company	Number of years in office as Director of the Board (at the close of this Meeting)	Attendance at the meetings of the Board of Directors (73rd)
1	Reelection	Yoshihiro Nakai	Male	Representative Director of the Board President, Executive Officer, CEO Member, Personnel Affairs and Remuneration Committee	8 years	12/12 (100%)
2	Reelection	Yosuke Horiuchi	Male	Representative Director of the Board Vice Chairman, Executive Officer	8 years	12/12 (100%)
3	Reelection	Satoshi Tanaka	Male	Representative Director of the Board Executive Vice President, Executive Officer Member, Personnel Affairs and Remuneration Committee	4 years	12/12 (100%)
4	Reelection	Toru Ishii	Male	Director of the Board Senior Managing Officer	4 years	12/12 (100%)
5	Reelection	Hiroshi Shinozaki	Male	Director of the Board Senior Managing Officer	1 year	9/9 (100%)
6	Reelection Outside Independent Director	Yukiko Yoshimaru	Female	Outside Director of the Board Chairperson, Personnel Affairs and Remuneration Committee	6 years	12/12 (100%)
7	Reelection Outside Independent Director	Toshifumi Kitazawa	Male	Outside Director of the Board Chairperson, Board of Directors Member, Personnel Affairs and Remuneration Committee	4 years	12/12 (100%)
8	Reelection Outside Independent Director	Yoshimi Nakajima	Female	Outside Director of the Board	3 years	12/12 (100%)
9	Reelection Outside Independent Director	Keiko Takegawa	Female	Outside Director of the Board Member, Personnel Affairs and Remuneration Committee	3 years	12/12 (100%)
10	Reelection Outside Independent Director	Shinichi Abe	Male	Outside Director of the Board	2 years	12/12 (100%)

Reelection: candidate for Director of the Board to be reelected

Outside: candidate for Outside Director of the Board

Independent Director: candidate for Independent Director stipulated by the Tokyo Stock Exchange, Inc.

No.	Name	Knowledge, experiences and abilities particularly expected of each Director of the Board					
		Corporate management Business strategy	International business Overseas insight	Finance strategy and accounting	Technology and environment Innovation	Improvement in sociability Human resources development Diversity	Governance Risk management Compliance
1	Yoshihiro Nakai	●		●		●	●
2	Yosuke Horiuchi	●		●	●	●	
3	Satoshi Tanaka	●	●		●	●	●
4	Toru Ishii	●	●			●	
5	Hiroshi Shinozaki	●			●		●
6	Yukiko Yoshimaru	●	●			●	●
7	Toshifumi Kitazawa	●	●	●			●
8	Yoshimi Nakajima	●	●	●		●	
9	Keiko Takegawa				●	●	●
10	Shinichi Abe	●	●		●	●	

* This chart indicates certain knowledge, experiences, and abilities which the Company particularly expects each candidate to have for his/her duties, not necessarily what each candidate currently has in fact.

Candidate No. 1	Number of years in office as Director of the Board (at the close of this Ordinary General Meeting of Shareholders)	Attendance at the meetings of the Board of Directors (FY2023)	Special interest with the Company
	8 years	12/12 (attendance at the meetings of the Board of Directors: 100%)	None

Yoshihiro Nakai

(April 30, 1965)
(58 years old)
Reelection
Number of the Company's Shares owned
112,680 shares

Knowledge, experiences and abilities particularly expected of each Director of the Board	
Corporate management / Business strategy	●
International business / Overseas insight	
Finance strategy and accounting	●
Technology and environment / Innovation	
Improvement in sociability / Human resources development / Diversity	●
Governance / Risk management / Compliance	●

Career summary, post and responsibility in the Company

Apr. 1988: Joined the Company
Apr. 2014: Executive Officer, Acting Head of Corporate Management Planning Department of the Company
Apr. 2016: Managing Officer of the Company, in charge of Corporate Management Planning and Accounting & Finance
Apr. 2016: Director of the Board of the Company
Feb. 2018: President, Representative Director of the Board of the Company
Apr. 2021: Representative Director of the Board, President, Executive Officer, CEO of the Company (current position)
In charge of Business Strategy Division and Division of Built-to-Order Business

Reason for election as Director of the Board

In the Corporate Management Planning Division, he exercised his outstanding conceptual ability and always played a central role in formulating and implementing the Group's management strategies and plans. In particular, since assuming the post of President, he has been focusing on demonstrating the comprehensive capabilities of the Group with the Corporate Philosophy as a compass and strengthening the corporate governance structure and promoting ESG management aggressively.
In the Fifth Mid-Term Management Plan, he strived to develop human resources with integrity and autonomy under the slogan of Innovation & Communication, and focused on the whole Group' working together for the common goals. As a result, the Group's performance exceeded the plan. To achieve sustainable growth and increase the corporate value of the Sekisui House Group through his strong leadership, by promoting the Sixth Mid-Term Management Plan and steadily transforming into a global company that offers integrated proposals of technologies, lifestyle design, and services based on the residential domain, under the global vision of "Make home the happiest place in the world," the Company therefore proposes to reelect him as a Director of the Board.

Candidate No. 2	Number of years in office as Director of the Board (at the close of this Ordinary General Meeting of Shareholders)	Attendance at the meetings of the Board of Directors (FY2023)	Special interest with the Company
	8 years	12/12 (attendance at the meetings of the Board of Directors: 100%)	None

Yosuke Horiuchi

(September 25, 1956)
(67 years old)
Reelection
Number of the Company's Shares owned
67,700 shares

Knowledge, experiences and abilities particularly expected of each Director of the Board	
Corporate management / Business strategy	●
International business / Overseas insight	
Finance strategy and accounting	●
Technology and environment / Innovation	●
Improvement in sociability / Human resources development / Diversity	●
Governance / Risk management / Compliance	

Career summary, post and responsibility in the Company

Apr. 1980: Joined the Company
Apr. 2012: Executive Officer, Acting Head of Tokyo Sha Maison Sales Administration Headquarters of the Company
Apr. 2014: Managing Officer of the Company, in charge of Sha Maison Sales (East Japan)
Apr. 2016: Director of the Board of the Company
Dec. 2017: Acting Head of Tokyo Sha Maison Sales Administration Headquarters, Acting Head of Condominium Headquarters
Apr. 2018: Senior Managing Officer of the Company
In charge of Transaction Promotion Division, Acting Head of East Japan Building Sales Administration Headquarters
Aug. 2018: In charge of Transaction Promotion Division and East Japan Building Sales Administration
Feb. 2020: In charge of Investor Relations Division and Transaction Promotion Division
Jun. 2020: In charge of ESG Management Promotion Division, Accounting & Finance Division and Transaction Promotion Division
Feb. 2021: In charge of Division of Finance and ESG and TKC Project
Apr. 2021: Representative Director of the Board, Vice Chairman, Executive Officer of the Company (current position)
Feb. 2022: Acting Head of ESG Management Promotion Headquarters
Feb. 2023: In charge of Division of Finance and ESG (current position)

Significant concurrent post of other companies

President, Representative Director of the Board of Sekisui House Financial Services Co., Ltd.
Vice Chairman of Japan Federation of Housing Organizations

Reason for election as Director of the Board

In the business field based on "Sha-Maison" rental housing, he has contributed to the development of the three- and four-story rental housing market by leading the area marketing strategy that is dedicated to responding to the local tenant market. He has also promoted the expansion of the customer base through means such as strengthening the corporate real estate (CRE) and public real estate (PRE) businesses with a focus on corporate customers. He is working to enhance the Group's social value through collaboration with diverse stakeholders as the Chairperson of the ESG Promotion Committee, which includes outside members. He also has received a high evaluation from outside the company for proactive disclosure of information including ESG-related information. In addition, since assuming the post of Representative Director of the Board in 2021, he has served in a key position at the industry group and contributed to realizing a more comfortable housing life.
To achieve sustainable growth and increase the corporate value of the Sekisui House Group, build on its achievements as a leading company in ESG management, and strongly promote the strengthening of financial base and the enhancement of information disclosure, the Company proposes to reelect him as a Director of the Board.

Candidate No. 3	Number of years in office as Director of the Board (at the close of this Ordinary General Meeting of Shareholders)	Attendance at the meetings of the Board of Directors (FY2023)	Special interest with the Company
	4 years	12/12 (attendance at the meetings of the Board of Directors: 100%)	None

Satoshi Tanaka

(February 27, 1958)
(66 years old)
Reelection
Number of the Company's Shares owned
37,600 shares

Knowledge, experiences and abilities particularly expected of each Director of the Board	
Corporate management / Business strategy	●
International business / Overseas insight	●
Finance strategy and accounting	
Technology and environment / Innovation	●
Improvement in sociability / Human resources development / Diversity	●
Governance / Risk management / Compliance	●

Career summary, post and responsibility in the Company

Apr. 1981: Joined MITSUI & CO., LTD.
Apr. 2004: General Manager of Investor Relations Division of MITSUI & CO., LTD.
Apr. 2007: General Manager of Corporate Planning & Strategy Division of MITSUI & CO., LTD.
July 2010: Deputy General Manager of Consumer Service Business Unit of MITSUI & CO., LTD.
Apr. 2011: Executive Officer; General Manager of Consumer Service Business Unit of MITSUI & CO., LTD.
Apr. 2013: Managing Officer; General Manager of Consumer Service Business Unit of MITSUI & CO., LTD.
Apr. 2015: Senior Managing Officer; President of Asia Pacific Business Unit of MITSUI & CO., LTD. and President of MITSUI & CO. (ASIA PACIFIC) PTE. LTD.
Apr. 2017: Vice President & Executive Officer; CAO (Chief Administrative Officer); CIO (Chief Information Officer); CPO (Chief Privacy Officer) of MITSUI & CO., LTD.
June 2017: Representative Director; Vice President and Executive Officer of MITSUI & CO., LTD.
June 2019: Counselor of MITSUI & CO., LTD.
Mar. 2020: Outside Director of Kuraray Co., Ltd. (current position)
Apr. 2020: Outside Director of the Board of the Company
Jan. 2021: Outside Director of IHH Healthcare Berhad (current position)
Apr. 2021: Representative Director of the Board, Executive Vice President, Executive Officer of the Company
In charge of Division of Administration and Human Resources (current position)

Significant concurrent post of other companies

Outside Director of Kuraray Co., Ltd.

Outside Director of IHH Healthcare Berhad

Reason for election as Director of the Board

Having held key positions in a major general trading company, he has domestic and international management experience, as well as knowledge and experience in the energy and consumer service sectors. He served as the Representative Director of the Board, Vice President & Executive Officer of the trading company from 2017 to 2019, where he was the officer responsible for the corporate staff divisions, including the positions of CAO, CIO, and CPO.

He assumed the position of Outside Director of the Board of the Company in 2020. Since assuming the position of Representative Director of the Board, Executive Vice President, Executive Officer in 2021, he has been in charge of the Division of Administration and Human Resources, responsible for promoting human resource strategies such as supporting employees' self-directed career development and ensuring diversity among core human resources through initiatives such as mid-career recruitment. He has also made various efforts to strengthen the effectiveness of the risk management system as the Chairperson of the Risk Management Committee.

To achieve sustainable growth and increase the corporate value of the Sekisui House Group based on his extensive knowledge as a manager and his activities and contributions as an Outside Director of the Board of the Company, especially in practicing human capital management from a global perspective and promoting the strengthening of the effectiveness of corporate governance and risk management system, the Company proposes to reelect him as a Director of the Board.

Candidate No. 4	Number of years in office as Director of the Board (at the close of this Ordinary General Meeting of Shareholders)	Attendance at the meetings of the Board of Directors (FY2023)	Special interest with the Company
	4 years	12/12 (attendance at the meetings of the Board of Directors: 100%)	None

Toru Ishii

(November 3, 1966)
(57 years old)
Reelection
Number of the Company's Shares owned
37,166 shares

Knowledge, experiences and abilities particularly expected of each Director of the Board	
Corporate management / Business strategy	●
International business / Overseas insight	●
Finance strategy and accounting	
Technology and environment / Innovation	
Improvement in sociability / Human resources development / Diversity	●
Governance / Risk management / Compliance	

Career summary, post and responsibility in the Company

Apr. 1990: Joined the Company
May 2012: Head of Development Department of the Company
Apr. 2014: Executive Officer, Acting Head of Development Department of the Company
Apr. 2016: Managing Officer of the Company
Feb. 2019: In charge of Development Business, Acting Head of International Business Department
Feb. 2020: In charge of Development and Condominiums Businesses, Acting Head of International Business Department
Apr. 2020: Senior Managing Officer of the Company (current position)
In charge of Development, Condominiums, and International Businesses
Apr. 2020: Director of the Board of the Company (current position)
Feb. 2021: In charge of Division of Development Business (current position)

Reason for election as Director of the Board

Since joining the Company, he has experienced sales planning work in the urban development business and engaged in developing new markets such as the hotel development business and the office development business. Since 2012, he has been in charge of the development business, focusing on human resources development and demonstrating the comprehensive capabilities of the Group. In international business in particular, he has focused on achieving a balance between investment and return, while realizing M&As mainly in the U.S., which greatly contributed to the achievement of the Fifth Mid-Term Management Plan. He has been steadily promoting enhancement of the business foundation in new markets and development of the organizational structure.
To achieve sustainable growth and increase the corporate value of the Sekisui House Group through the creativity and courage he has demonstrated in pioneering new markets, especially in strongly leading "proactive growth overseas," as well as in enhancing the diversity of overseas Group companies and further strengthening the governance structure through the integration process, the Company proposes to reelect him as a Director of the Board.

Candidate No. 5	Number of years in office as Director of the Board (at the close of this Ordinary General Meeting of Shareholders)	Attendance at the meetings of the Board of Directors (FY2023)	Special interest with the Company
	1 year	9/9 (attendance at the meetings of the Board of Directors: 100%)	None

Hiroshi Shinozaki

(April 12, 1963)
(60 years old)
Reelection
Number of the Company's Shares owned
14,563 shares

Knowledge, experiences and abilities particularly expected of each Director of the Board	
Corporate management / Business strategy	●
International business / Overseas insight	
Finance strategy and accounting	
Technology and environment / Innovation	●
Improvement in sociability / Human resources development / Diversity	
Governance / Risk management / Compliance	●

Career summary, post and responsibility in the Company

Apr. 1987: Joined the Company
Feb. 2010: Head of Tokyo-Tokken Building Projects Branch of the Company
Aug. 2018: Head of East Japan Building Sales Administration Headquarters
Apr. 2020: Executive Officer, Acting Head of East Japan Building Sales Administration Headquarters of the Company
Feb. 2021: In charge of Building Sales Administration
Apr. 2021: Managing Officer of the Company
Feb. 2023: In charge of Building Sales Administration and TKC Project (current position)
Apr. 2023: Senior Managing Officer of the Company (current position)
Apr. 2023: Director of the Board of the Company (current position)

Significant concurrent post of other companies

Executive Vice President, Director of the Board of Sekisui House Real Estate Holdings, Ltd. (See Note 1 below.)

Reason for election as Director of the Board

He has served in several important positions in business domains, centered on "Sha-Maison" rental housing. As a Managing Officer in charge of Building Sales Administration since 2021, he has promoted initiatives for increasing orders of three- and four-story rental houses through the area marketing strategy that is dedicated to responding to the local tenant market, in addition to the improvement of sales of "Sha-Maison ZEH," zero-energy rental housing. As a Director of the Board of Sekisui House Real Estate Holdings, Ltd., he is strongly leading the growth of this business field by utilizing his leadership and strategic thinking ability such as building a stronger collaborative relationship between the Company and the Sekisui House Real Estate Group.
To achieve sustainable growth and increase the corporate value of the Sekisui House Group, especially in promoting stable growth through integrated business management for the Company and the Sekisui House Real Estate Group, strengthening the effectiveness of corporate governance and risk management system involving the Sekisui House Real Estate Group, and further developing the building business field, the Company proposes to reelect him as a Director of the Board.

Candidate No. 6	Number of years in office as Outside Director of the Board (at the close of this Ordinary General Meeting of Shareholders)	Attendance at the meetings of the Board of Directors (FY2023)	Special interest with the Company
	6 years	12/12 (attendance at the meetings of the Board of Directors: 100%)	None

Yukiko Yoshimaru

(February 1, 1960)
(64 years old)
Reelection
Outside
Independent Director
Number of the Company's Shares owned
8,300 shares

Knowledge, experiences and abilities particularly expected of each Director of the Board	
Corporate management / Business strategy	●
International business / Overseas insight	●
Finance strategy and accounting	
Technology and environment / Innovation	
Improvement in sociability / Human resources development / Diversity	●
Governance / Risk management / Compliance	●

Career summary, post and responsibility in the Company

Apr. 1982: Joined Oki Electric Industry Co., Ltd.
Apr. 1998: Director of Oki America Inc.
Head of New York Office of Oki Electric Industry Co., Ltd.
Oct. 2004: Chief Manager of Diversity Development Office of NISSAN MOTOR CO., LTD.
Apr. 2008: Joined Nifco Inc.
June 2011: Executive Officer of Nifco Inc.
Apr. 2018: Outside Director of the Board of the Company (current position)
June 2019: Outside Director of Mitsui Chemicals, Inc. (current position)
June 2021: Outside Director of Daiwabo Holdings Co., Ltd. (current position)

Significant concurrent post of other companies

Outside Director of Mitsui Chemicals, Inc.
Outside Director of Daiwabo Holdings Co., Ltd.

Reason for election as Outside Director of the Board and summary of expected roles, etc.

She has a wide range of global experience including management experience as a director of domestic and overseas companies and M&A experience at a U.S. subsidiary of the major Japanese company. In particular, she has greatly contributed to constructive discussions and strengthening of the effectiveness of the Board of Directors meetings by providing her opinions based on a wealth of knowledge and experience in human resources management, diversity and corporate governance. In addition, since becoming the Chairperson of the Personnel Affairs and Remuneration Committee in May 2020, she has been taking a leadership in clarifying the process of selecting and dismissing Directors of the Board, facilitating the succession planning, and strengthening remuneration governance. She led the revision of officer remuneration related to the Sixth Mid-Term Management Plan.

She is promoting understanding of international business through dialogue with the senior management of overseas Group companies. To achieve sustainable growth and increase the corporate value of the Sekisui House Group, especially in the formulation of growth strategies from the perspectives of global business and diversity promotion, and in strengthening the management supervision function in areas including personnel affairs and remuneration, the Company proposes to reelect her as an Outside Director of the Board.

Candidate No. 7	Number of years in office as Outside Director of the Board (at the close of this Ordinary General Meeting of Shareholders)	Attendance at the meetings of the Board of Directors (FY2023)	Special interest with the Company
	4 years	12/12 (attendance at the meetings of the Board of Directors: 100%)	None

Toshifumi Kitazawa

(November 18, 1953)
(70 years old)
Reelection
Outside
Independent Director
Number of the Company's Shares owned
2,200 shares

Knowledge, experiences and abilities particularly expected of each Director of the Board	
Corporate management / Business strategy	●
International business / Overseas insight	●
Finance strategy and accounting	●
Technology and environment / Innovation	
Improvement in sociability / Human resources development / Diversity	
Governance / Risk management / Compliance	●

Career summary, post and responsibility in the Company (See Notes 5 to 7 below.)

Apr. 1977: Joined Tokio Marine & Fire Insurance Co., Ltd.
June 2008: Managing Director of Tokio Marine & Nichido Anshin Life Insurance Co., Ltd.
June 2009: Senior Managing Director of Tokio Marine & Nichido Anshin Life Insurance Co., Ltd.
June 2010: President & Director of Tokio Marine & Nichido Anshin Life Insurance Co., Ltd.
June 2010: Director of Tokio Marine Holdings, Inc.
Apr. 2014: Vice President & Director of Tokio Marine & Nichido Fire Insurance Co., Ltd.
June 2014: Vice President Executive Officer of Tokio Marine Holdings, Inc.
Apr. 2016: President & Chief Executive Officer of Tokio Marine & Nichido Fire Insurance Co., Ltd.
June 2016: Director of Tokio Marine Holdings, Inc.
Apr. 2019: Vice Chairman & Director of Tokio Marine & Nichido Fire Insurance Co., Ltd.
June 2019: Member of the Board of Directors (Outside) (Member of the Audit & Supervisory Committee) of MUFG Bank, Ltd. (current position)
June 2019: Outside Director of Mitsubishi Logistics Corporation (current position)
Apr. 2020: Outside Director of the Board of the Company (current position)
Apr. 2022: Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd. (current position)

Significant concurrent post of other companies

Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd.
Member of the Board of Directors (Outside) (Member of the Audit & Supervisory Committee) of MUFG Bank, Ltd.
Outside Director of Mitsubishi Logistics Corporation

Reason for election as Outside Director of the Board and summary of expected roles, etc.

Having held key positions at a major insurance company, he has extensive knowledge and experience in areas including global business, M&A, risk management and compliance, as well as abundant achievements and experience as a manager. Since becoming Chairperson of the Board of Directors in May 2021, he has been leading a steady improvement in the substance of constructive discussions and the effectiveness of the Board of Directors meetings by steering proceedings flexibly to further activate deliberations on medium- and long-term management issues. He has also been contributing to the enhancement of deliberations as a member of the Personnel Affairs and Remuneration Committee of the Company.

He is promoting understanding of international business through dialogue with the senior management of overseas Group companies. To achieve sustainable growth and increase the corporate value of the Sekisui House Group, especially in the formulation of growth strategies from the perspective of global business, and in strengthening the management supervision function in areas including M&A and other financial strategies, risk management and compliance, the Company proposes to reelect him as an Outside Director of the Board.

Candidate No. 8	Number of years in office as Outside Director of the Board (at the close of this Ordinary General Meeting of Shareholders)	Attendance at the meetings of the Board of Directors (FY2023)	Special interest with the Company
	3 years	12/12 (attendance at the meetings of the Board of Directors: 100%)	None

Yoshimi Nakajima

(December 16, 1956)
(67 years old)
Reelection
Outside
Independent Director
Number of the Company's Shares owned
1,800 shares

Knowledge, experiences and abilities particularly expected of each Director of the Board	
Corporate management / Business strategy	●
International business / Overseas insight	●
Finance strategy and accounting	●
Technology and environment / Innovation	
Improvement in sociability / Human resources development / Diversity	●
Governance / Risk management / Compliance	

Career summary, post and responsibility in the Company

Apr. 1980: Joined The Yasuda Trust & Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
Feb. 1982: Joined AVON Products Co., LTD. (currently FMG & MISSION CO., LTD.)
May 1997: Vice President of Citibank, N.A.
June 2000: Senior General Manager of Societe Generale Securities Ltd.
Apr. 2002: Vice President of American Express International, Inc. (Japan)
Aug. 2011: Country Manager (President) of American Express International, Inc. (Singapore)
Feb. 2014: Senior Vice President of American Express International, Inc. (Japan)
Apr. 2014: President and Representative Director of American Express Japan Co., Ltd.
June 2017: Outside Director of Yamaha Corporation
June 2017: Outside Director of AEON Financial Service Co., Ltd. (current position)
June 2018: Outside Director of Japan Freight Railway Company (current position)
Sep. 2018: External Director of ULVAC, Inc. (current position)
Apr. 2021: Specially Appointed Professor of The Graduate School of Project Design (current position)
Outside Director of the Board of the Company (current position)

Significant concurrent post of other companies

Outside Director of AEON Financial Service Co., Ltd.
Outside Director of Japan Freight Railway Company
External Director of ULVAC, Inc.
Specially Appointed Professor of The Graduate School of Project Design

Reason for election as Outside Director of the Board and summary of expected roles, etc.

Having held key positions in domestic and overseas companies, she has extensive experience in financial strategy, M&A, and other areas by serving as the head of Asian and Japanese subsidiaries of global financial institutions. She has embodied diversity in corporate management in an environment where diversity in senior management is considered to be natural.
Since April 2021, she has been serving as Outside Director of the Board of the Company and has greatly contributed to constructive discussions and strengthening of the effectiveness of the Board of Directors meetings by actively expressing frank opinions that promote appropriate risk-taking and management reform.
She is promoting understanding of international business through dialogue with the senior management of overseas Group companies. To achieve sustainable growth and increase the corporate value of the Sekisui House Group, especially in the formulation of growth strategies from the perspectives of global business and diversity promotion, and in strengthening the management supervision function in areas including M&A and other financial strategies, the Company proposes to reelect her as an Outside Director of the Board.

Candidate No. 9	Number of years in office as Outside Director of the Board (at the close of this Ordinary General Meeting of Shareholders)	Attendance at the meetings of the Board of Directors (FY2023)	Special interest with the Company
	3 years	12/12 (attendance at the meetings of the Board of Directors: 100%)	None

Keiko Takegawa

(April 23, 1958)
(65 years old)
Reelection
Outside
Independent Director
Number of the Company's Shares owned
3,800 shares

Knowledge, experiences and abilities particularly expected of each Director of the Board	
Corporate management / Business strategy	
International business / Overseas insight	
Finance strategy and accounting	
Technology and environment / Innovation	●
Improvement in sociability / Human resources development / Diversity	●
Governance / Risk management / Compliance	●

Career summary, post and responsibility in the Company

Apr. 1981: Joined the Prime Minister's Office (currently Cabinet Office)
July 2006: Director of Policy Division for Universal Design, Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism
July 2008: Director-General for Policies on Cohesive Society and Minister's Secretariat of Cabinet Office
July 2009: Director-General for Gender Equality Bureau of Cabinet Office
Dec. 2012: Director-General of the Public Relations Office of Cabinet Office
July 2014: Director of the Gender Equality Bureau of Cabinet Office
Apr. 2019: Professor (currently Specially Appointed Professor) of Showa Women's University (current position)
June 2019: Outside Member of the Board of NIPPON TELEGRAPH AND TELEPHONE CORPORATION
June 2019: Outside Auditor of MITSUI MINING & SMELTING CO., LTD.
Apr. 2020: Dean of Faculty of Global Business of Showa Women's University
Apr. 2021: Outside Director of the Board of the Company (current position)
June 2021: Outside Director of MITSUI MINING & SMELTING CO., LTD. (current position)

Significant concurrent post of other companies

Outside Director of MITSUI MINING & SMELTING CO., LTD.
Specially Appointed Professor of Faculty of Global Business of Showa Women's University

Reason for election as Outside Director of the Board and summary of expected roles, etc.

Having held key positions in the Cabinet Office, she worked hard to realize policies related to gender equality, and has extensive knowledge and experience in the fields of diversity and compliance. During her tenure at the Ministry of Land, Infrastructure, Transport and Tourism, she worked tirelessly across ministries and agencies to develop safe and secure infrastructure for the elderly and disabled.
Since April 2021, she has been serving as Outside Director of the Board of the Company and has greatly contributed to constructive discussions and strengthening of the effectiveness of the Board of Directors meetings by providing useful advice from the perspective of an ordinary citizen and actively expressing frank opinions related to matters including environmental issues, diversity and human capital. She has also been contributing to enhancing deliberations as a member of the Personnel Affairs and Remuneration Committee of the Company since May 2021.
She is promoting understanding of international business through dialogue with the senior management of overseas Group companies. To achieve sustainable growth and increase the corporate value of the Sekisui House Group, especially in the formulation of growth strategies from the perspective of the Group-wide diversity promotion, including the international business, and in strengthening the management supervision function in areas including quality control, compliance and personnel affairs and remuneration, the Company proposes to reelect her as an Outside Director of the Board.
Ms. Keiko Takegawa has not engaged in managing a company other than serving as an Outside Director of the Board and Outside Audit and Supervisory Board Member, but the Company expects that she will properly perform her duties as an Outside Director of the Board because of the reason described above.

Candidate No. 10	Number of years in office as Outside Director of the Board (at the close of this Ordinary General Meeting of Shareholders)	Attendance at the meetings of the Board of Directors (FY2023)	Special interest with the Company
	2 years	12/12 (attendance at the meetings of the Board of Directors: 100%)	None

Shinichi Abe

(August 7, 1968)
(55 years old)
Reelection
Outside
Independent Director
Number of the Company's Shares owned
800 shares

Knowledge, experiences and abilities particularly expected of each Director of the Board	
Corporate management / Business strategy	●
International business / Overseas insight	●
Finance strategy and accounting	
Technology and environment / Innovation	●
Improvement in sociability / Human resources development / Diversity	●
Governance / Risk management / Compliance	

Career summary, post and responsibility in the Company

May 1993: Joined Axiomatics Corporation
Nov. 1995: Joined Asahi Audit Corporation
Jan. 1998: Joined J.D. Edwards Japan K.K.
Nov. 2003: Joined PeopleSoft Japan K.K.
Apr. 2005: Director, International Business, Availvs Corporation
Dec. 2005: Director, Applications Business Group, Oracle Information Systems Japan K.K.
Aug. 2006: Vice President in charge of Applications Business Headquarters and General Manager of Global Strategic Accounts of Oracle Corporation Japan
Feb. 2011: Managing Director, Enterprise Business, Google Japan, G.K.
Jan. 2017: Managing Director of Google Cloud Japan, G.K.
Apr. 2020: Representative Director, President and CEO of MNES Inc. (current position)
Apr. 2022: Outside Director of the Board of the Company (current position)

Significant concurrent post of other companies

Representative Director, President and CEO of MNES Inc.

Reason for election as Outside Director of the Board and summary of expected roles, etc.

Having worked for an overseas consulting firm and software vendors, he was involved in the launch of Google's cloud business. At that business, he supervised its Asia-Pacific operations. As such, he has extensive experience in the global business environment in the IT and digital fields.
In particular, when Google launched cloud services business for Japanese companies, he gained the deep trust of many client companies and promoted digital innovation together. Currently, he serves as Representative Director of the Board, President and CEO of a venture company providing teleradiology (remote medical image diagnosis) services, a firm that he has had contact with since its foundation.
Since April 2022, he has been serving as Outside Director of the Board of the Company and has greatly contributed to constructive discussions and strengthening of the effectiveness of the Board of Directors meetings by actively expressing frank opinions from the perspective of global operations and digitally-driven business model transformation and disseminating information to promote innovation.
He is promoting understanding of international business through dialogue with the senior management of overseas Group companies. To achieve sustainable growth and increase the corporate value of the Sekisui House Group, especially in the formulation of alliances and growth strategies in the Group-wide new service business fields, including the international business, and in strengthening the management supervision function, including supervision of the area of human resources development, the Company proposes to reelect him as an Outside Director of the Board.

Notes:

1. Mr. Hiroshi Shinozaki is scheduled to assume the position of President, Representative Director of the Board of Sekisui House Real Estate Holdings, Ltd. as of April 22, 2024.
2. The Company designated Ms. Yukiko Yoshimaru, Mr. Toshifumi Kitazawa, Ms. Yoshimi Nakajima, Ms. Keiko Takegawa, and Mr. Shinichi Abe as "Independent Directors" and submitted notification to that effect to the Tokyo Stock Exchange, Inc.
3. The Company will enter into a directors and officers liability insurance contract with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act, and the contract is designed to cover damages that may arise from the insured directors and officers assuming responsibility for the execution of their duties or receiving claims related to the pursuit of such responsibility.
   If the proposal is approved, each candidate will be included as the insured of the said insurance contract.
4. The Company entered into limited liability agreements with Ms. Yukiko Yoshimaru, Mr. Toshifumi Kitazawa, Ms. Yoshimi Nakajima, Ms. Keiko Takegawa, and Mr. Shinichi Abe that if they cause damages to the Company by neglect of the duty as an Outside Director of the Board, where their conduct is deemed to be made in good faith without gross negligence, their liability is without fail limited to the minimum liability amount specified in Article 425, Paragraph 1 of the Companies Act. If those Outside Board Directors' reelection is approved, the Company will continue the above-mentioned limited liability agreements with them.
5. The Company has business relationships as a policyholder and nonlife insurance agent with Tokio Marine & Nichido Fire Insurance Co., Ltd. where Mr. Toshifumi Kitazawa serves as an Advisor, but the annual amount of business transactions between the companies is less than 1% of the ordinary income of Tokio Marine Holdings, Inc., which is the holding company of Tokio Marine & Nichido Fire Insurance Co., Ltd, and the consolidated net sales of the Company.
6. MUFG Bank, Ltd., where Mr. Toshifumi Kitazawa serves as a Member of the Board of Directors (Outside) (Member of the Audit & Supervisory Committee), is a major shareholder of the Company and also a major lender to the Company. However, because Mr. Kitazawa is not an executive of MUFG Bank, Ltd. or a former employee of MUFG Bank, Ltd., the Company deems that there is no risk of conflict of interest with general shareholders.
7. Tokio Marine & Nichido Fire Insurance Co., Ltd., where Mr. Toshifumi Kitazawa served as a Director from April 2014 to March 2022, received a business improvement order under the Insurance Business Act from the Japan Financial Services Agency, effective December 26, 2023, due to actions considered to contravene the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, inappropriate actions in view of the purpose of the aforementioned Act, and underlying systematic problems, including during Mr. Toshifumi Kitazawa's term of office.

(Reference) Composition of the Board of Directors and Policy and Procedures for Candidates for Director of the Board

1. Composition of the Board of Directors

a. The Board of Directors shall have the number of members that is considered appropriate to substantial deliberations.

b. Independent Outside Directors of the Board shall be appointed so that the ratio of Independent Outside Directors of the Board in the Board of Directors shall be one-third or more.

c. The Board of Directors shall be joined by well-balanced members selected through the development of a skill matrix based on the business strategies and management plans, such as experts specializing in finance, accounting, laws, compliance and other relevant areas, with consideration for knowledge, experience, and ability, the number of years in office, and gender, ensuring both the compatibility with diversity and proper headcount.

2. Stance on and Procedures for Selection of Prospective Directors of the Board

The Company shall select prospective Directors of the Board from among those of high integrity (as a sincere and high-minded morality, and earnestness) and having high management ability, having nature suited to practicing the Group's Corporate Philosophy, interested in the Group's business and with a deep insight etc., and having high awareness for contributing to creating corporate value and improving company performance. The stance on the selection of prospective Directors of the Board shall be discussed at the Personnel Affairs and Remuneration Committee, an advisory body to the Board of Directors which shall be chaired by an Independent Outside Director of the Board and a majority of whose members shall be Independent Outside Directors of the Board, and determined by the Board of Directors based on the recommendations of the Committee. A proposal on specific prospective Directors of the Board shall be discussed at the Personnel Affairs and Remuneration Committee and determined by the Board of Directors based on the recommendations of the Committee.

The selection of prospective internal Directors of the Board shall be performed with consideration for the specified qualification requirements (i.e., embodying the Corporate Philosophy and having a panoramic vision) and competence requirements (i.e., having a vision to resolve external problems, innovativeness for creating new markets, being able to cooperate with various stakeholders, and the capability to develop organizations that enhance the Group's comprehensive power), and shall be discussed at the Personnel Affairs and Remuneration Committee based on requirements for human resources and an evaluation of performance.

3. Process for Selection of New Candidates for Outside Director of the Board

In consideration of the objectivity and transparency of the selection of new candidates for Outside Director of the Board, the candidates shall be nominated through the following process by the Personnel Affairs and Remuneration Committee.

(i) Confirm and review as necessary the reasons for selecting skill items (skill matrix)

(ii) Determine targets for selecting new candidates for Outside Director of the Board based on the skill matrix

(iii) Scrutinize the candidate profiles based on the selection targets and narrow down candidates

(iv) Have each member of the Committee interview new candidates for Outside Director of the Board and share the results among the Committee members

[Reasons for selecting each item in the skill matrix]

Skill items	Reasons for selection
Corporate management Business strategy	The Company is a leading company in the housing industry with the cumulative number of homes built exceeding 2.60 million worldwide. In order to formulate a sustainable growth strategy amidst a drastically changing business environment, Directors of the Board with management experience and a proven track record in the housing, construction, and urban development fields are needed. In addition, in order to realize and promote the global vision of "Propose happiness through the integration of technologies, lifestyle design and services," the Company needs Directors of the Board with experience in different industries, especially management experience and a proven track in the field of consumer services such as health, connection, and learning as well as knowledge and experience that contribute to the transformation of business models through the use of digital technology.
International business Overseas insight	In order to formulate growth strategies and supervise the management of the international business, which is a growth area, it is necessary to have Directors of the Board who have experience in overseas business management and extensive knowledge and experience in overseas cultural life and business environment.
Finance strategy and accounting	Directors of the Board with solid knowledge and experience in the fields of finance and accounting are needed to formulate financial strategies that will not only ensure accurate financial reporting, but also build a solid financial foundation, promote growth investments (including M&A) for sustainable enhancement of corporate value, and enhance shareholder returns.
Technology and environment Innovation	In order to realize the supply of high-quality housing that combines safety, security, and comfort with advanced technology, and to further advance and develop our advanced environmental technology and solid construction capabilities, the Company needs Directors of the Board who have a track record of various innovations along with the knowledge and experience to enable proactive efforts to address global environmental issues from a corporate management perspective.
Improvement in sociability Human resources development Diversity	In order to provide homes that make our customers feel more content and address various social challenges through its business activities, the Company needs to develop human resource strategies that enable each employee to maximize their potential, and the Company needs Directors of the Board with solid knowledge and experience in the field of human resources development, including the promotion of diversity, equity and inclusion.
Governance Risk management Compliance	The establishment of an appropriate governance structure is the foundation for sustainable enhancement of corporate value, and in order to improve the effectiveness of management supervision by the Board of Directors, Directors of the Board with solid knowledge and experience in the fields of corporate governance, risk management, and compliance are needed.

Proposal No. 3: Election of One Audit and Supervisory Board Member

The term of office of Audit and Supervisory Board Member Mr. Yoritomo Wada will expire at the close of this Ordinary General Meeting of Shareholders. The Company proposes to elect one Audit and Supervisory Board Member.

This proposal has already received approval from the Audit and Supervisory Board.

The candidate for Audit and Supervisory Board Member is as follows:

<table>
<tr><td rowspan="5">Yoritomo Wada

(October 23, 1955)
(68 years old)
Reelection
Outside
Independent Auditor
Number of the Company's Shares owned
0 shares</td><td>Number of years in office as Outside Audit and Supervisory Board Member (at the close of this Ordinary General Meeting of Shareholders)</td><td>Attendance at the meetings of the Board of Directors and the Audit and Supervisory Board (FY2023)</td><td>Special interest with the Company</td></tr>
<tr><td>4 years</td><td>12/12
(attendance at the meetings of the Board of Directors: 100%)
17/17
(attendance at the meetings of the Audit and Supervisory Board: 100%)</td><td>None</td></tr>
<tr><td colspan="3">Career summary and post in the Company
Apr. 1978: Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)
June 1996: Partner of Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
June 2019: External Statutory Corporate Auditor of NIPPON SHOKUBAI CO., LTD. (current position)
Apr. 2020: Outside Audit and Supervisory Board Member of the Company (current position)
Mar. 2023: Outside Auditor of TRUSCO NAKAYAMA Corporation (current position)
Significant concurrent post of other companies
Certified Public Accountant, Wada CPA Accounting Firm
External Statutory Corporate Auditor of NIPPON SHOKUBAI CO., LTD.
Outside Auditor of TRUSCO NAKAYAMA Corporation</td></tr>
<tr><td colspan="3">Reason for election as Outside Audit and Supervisory Board Member and expected roles, etc.
In 2020, he was appointed as an Outside Audit and Supervisory Board Member of the Company to utilize his professional knowledge of finance and accounting as a Certified Public Accountant, as well as his knowledge and experience accumulated through engagement in another company's outside director, to strengthen the audit system of the Company. He has contributed greatly to strengthening the supervisory function of the Board of Directors and ensuring transparency, primarily through his accurate comments on the challenges in the group governance structure. The Company proposes to reelect him as an Outside Audit and Supervisory Board Member, so that he can contribute to strengthening the Company's management supervision function and building a better governance structure though timely and accurate opinions based on his deep insight and extensive achievements as a Certified Public Accountant. Mr. Yoritomo Wada has not engaged in managing a company other than serving as an Outside Audit and Supervisory Board Member, but the Company expects that he will properly perform his duties as an Outside Audit and Supervisory Board Member because of the reason described above.</td></tr>
</table>

Notes:

1. The Company designated Mr. Yoritomo Wada as an "Independent Auditor" and submitted notification to that effect to the Tokyo Stock Exchange, Inc.
2. The Company will enter into a directors and officers liability insurance contract with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act, and the contract is designed to cover damages that may arise from the insured directors and officers assuming responsibility for the execution of their duties or receiving claims related to the pursuit of such responsibility. If Mr. Yoritomo Wada's reelection is approved, he will be included as the insured of the said insurance contract.
3. The Company entered into a limited liability agreement with Mr. Yoritomo Wada that if he causes damages to the Company by neglect of the duty as an Outside Audit and Supervisory Board Member, where his conduct is deemed to be made in good faith without gross negligence, his liability is without fail limited to the minimum liability amount specified in Article 425, Paragraph 1 of the Companies Act. If his reelection is approved, the Company will continue the above-mentioned limited liability agreement with him.

(Reference) Audit and Supervisory Board Composition

If Proposal No. 3 "Election of One Audit and Supervisory Board Member" is approved as originally proposed, the number of Audit and Supervisory Board Members will be five, including three Outside Audit and Supervisory Board Members, as of the close of this Ordinary General Meeting of Shareholders, and the composition of the Audit and Supervisory Board will be as follows.

Name		Gender	Current post in the Company	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit and Supervisory Board
Current	Midori Ito	Female	Standing Audit and Supervisory Board Member	12/12 (100%)	17/17 (100%)
Current	Takashi Ogino	Male	Standing Audit and Supervisory Board Member	12/12 (100%)	17/17 (100%)
Current Outside Independent Auditor	Ryuichi Tsuruta	Male	Standing and Outside Audit and Supervisory Board Member Chairperson of the Audit and Supervisory Board	12/12 (100%)	17/17 (100%)
Current Outside Independent Auditor	Takashi Kobayashi	Male	Outside Audit and Supervisory Board Member	12/12 (100%)	17/17 (100%)
Reelection Outside Independent Auditor	Yoritomo Wada	Male	Outside Audit and Supervisory Board Member	12/12 (100%)	17/17 (100%)

Notes:
1. The current Audit and Supervisory Board Members do not have any relationship of special interest with the Company.
2. Mr. Ryuichi Tsuruta, Mr. Takashi Kobayashi, and Mr. Yoritomo Wada are Outside Audit and Supervisory Board Members.
3. The Company designated Mr. Ryuichi Tsuruta, Mr. Takashi Kobayashi and Mr. Yoritomo Wada as "Independent Auditors" and submitted notification to that effect to the Tokyo Stock Exchange, Inc.

The Business Report for the 73rd fiscal year

(February 1, 2023 – January 31, 2024)

1. Business Conditions of the Corporate Group

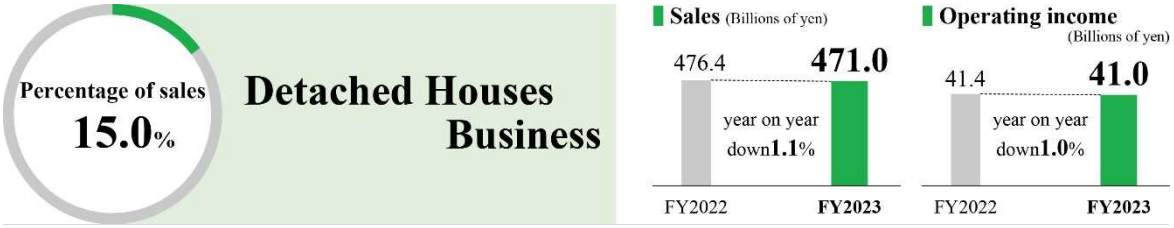
(1) Progress and Results of Sekisui House Group

The global economy saw a slowdown in the rate of price rises, but tight monetary policies in various countries continued due to the impact of global inflation. In addition to geopolitical risks, the impact of trends in price conditions and the international capital market continued to require close observation. Under these circumstances, the United States and some other countries have shown an increase in individual consumption and employment, indicating signs of economic recovery.

Domestically, in the housing market, there was a weakening in domestic new housing starts, attributable in part to post-COVID-19 changes in consumption behavior and higher construction costs. The United States saw the continuation of a correction phase in housing starts and inventory reductions in used housing, due partly to the rise in long-term interest rates. However, the potential demand for housing remained strong against the backdrop of a chronic housing shortage in the context of the growing population, and signs of an upturn have become apparent as mortgage rates begin to decline after peaking in late October 2023.

In this business climate, while pursuing the Global Vision for 2050 of "making home the happiest place in the world," the Sekisui House Group has actively promoted various high added-value proposals that integrate technologies, lifestyle design and services based on the basic policy of "stable growth in Japan and proactive growth overseas" set forth in the Sixth Mid-Term Management Plan (FY2023–FY2025).

The Group recorded net sales of ¥3,107,242 million (up 6.1% year on year), operating income of ¥270,956 million (up 3.6% year on year), ordinary income of ¥268,248 million (up 4.3% year on year), and net income attributable to owners of parent of ¥202,325 million (up 9.6% year on year).



The Detached Houses Business continued to suffer the impact of the soaring materials prices seen in the previous fiscal year, recording net sales of ¥471,056 million, down 1.1% year on year, and operating income of ¥41,065 million, down 1.0% year on year, during the fiscal year under review. Great effort has been put into the promotion of 2nd- and 3rd-range mid- to high-end products, along with 1st range products, in order to deepen pricing range-specific strategies and strengthen our detached house brands. Orders remained strong in the Business, driven by a positive reception to high-value-added proposals such as Green First ZERO for net zero energy houses (ZEH), the Family Suite with its large living room, the next-generation indoor environment control system SMART-ECS, and the PLATFORM HOUSE touch connectivity service that operates in tandem with home layout.

In addition, "life knit design," a new design proposal system that offers housing design closely aligned with the sensibilities of residents, was launched nationwide in Japan in June, 2023 with the aim of strengthening the attachment to high-quality housing stocks and providing customers houses where happiness grows in the era of the 100-year lifespan. To boost interior proposals aimed at having customers gain a sense of attachment as part of these efforts, the Company acquired all the common stock of order-made wooden furniture manufacturer AIDA Co., Ltd. effective December 2023, which, combined with the buyout of MARUHON INC., an interior design building materials manufacturer, in 2022, boosted the Business' capability for integrated interior design proposals of "space and design," "construction materials" and "furniture." In addition to offering this system nationwide, we have also begun operating the SI Business,* which is aimed at contributing to the formation of high-quality housing stocks in Japan by broadly disseminating the technology for safe, secure earthquake resistance that Sekisui House has cultivated since its founding. It is the first joint construction

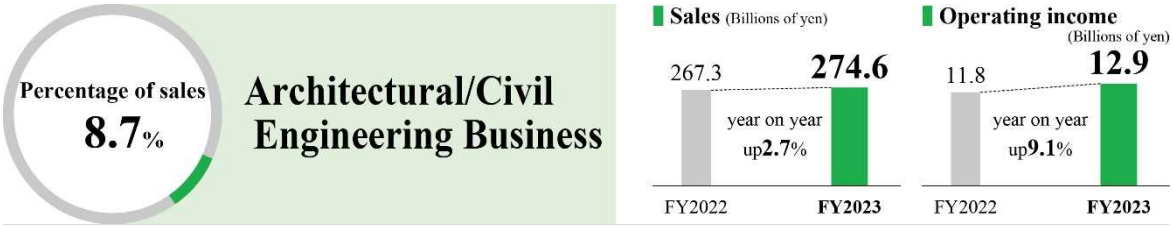
business of its kind in the industry, in which Sekisui House Construction undertakes construction of the foundations and structural frames of wooden houses, which are then built by local partner companies, and in which partner companies are also primarily responsible for the exterior and interior design.

*Skeleton and infill: A construction method involving clearly distinct building skeletons (building frames) and infill (interiors, room layouts, etc.)

The Rental Housing and Commercial Buildings Business recorded net sales of ¥524,121 million, up 3.5% year on year, and operating income of ¥78,016 million, up 4.8% year on year for the fiscal year under review.

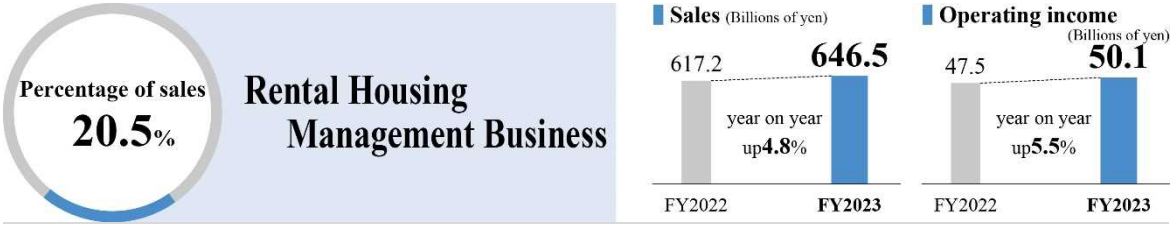
To supply high-value-added properties based on our area-specific strategies and further enhance the Sha Maison brand, the business concentrated on expanding sales of three- and four-story rental houses built using an original Sekisui House construction method, and on the proliferation of Sha Maison ZEH net zero energy rental housing. With photovoltaic panels connected to each residence, Sha Maison ZEH has been well received as a method for selling electricity, appealing to residents' ethical orientation and letting them experience the merits of saving on utility costs. Among orders for rental housing, ZEH housing comprised 76% of the number of orders for rental housing.

In addition to these high added-value proposals, the Company's urban area-focused price leader strategy, which achieves high occupancy and rent rates, has successfully led to ongoing strong orders. Orders in the corporate real estate (CRE) and public real estate (PRE) businesses remained strong through greater land purchases for increasing income-producing real estate and strengthening proposals for ESG solutions.



The Architectural/Civil Engineering Business recorded net sales of ¥274,653 million, up 2.7% year on year, and operating income of ¥12,904 million, up 9.1% year on year, during the fiscal year under review.

Both architectural and civil engineering businesses recorded strong orders owing to the increase in profitability in the architectural business from securing additional modification construction and other factors, as well as the return of appetite for capital investment in the private sector.



The Rental Housing Management Business recorded net sales of ¥646,588 million, up 4.8% year on year, and operating income of ¥50,180 million, up 5.5% year on year, during the fiscal year under review.

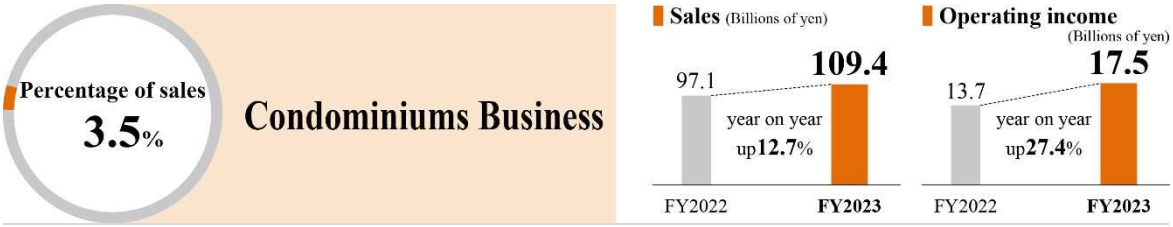
The Business showed a steady increase in the number of housing units under management through the supply of Sha Maison high-quality and high-performance rental homes built in prime locations. The provision of excellent services that include the creation of a blockchain-based, one-stop move-in process for residents and the strengthening of relations and diverse solutions aimed at maximizing asset value for owners resulted in the maintenance of high occupancy rates and rental prices, which in turn contributed to higher income.

Favorable orders received and stable construction progress in the previous fiscal year contributed to increased income in the Remodeling Business, which recorded net sales of ¥174,996 million, up 4.8% year on year, and operating income of ¥23,482 million, up 4.7% year on year for the fiscal year under review.

In detached homes, the Business focused on proposal-based remodeling such as remodeling proposals that update how people live and environment-based remodeling with thermal insulation renovation and introduces latest energy-conserving, energy-producing, and energy-storing equipment, etc. to enhance the asset value of housing stock and extend its life. In rental housing, the Business is focusing on remodeling proposals that will enhance asset value to maintain high occupancy rates and high rental prices. As a result of such initiatives, there was a favorable upward trend in orders.

The Real Estate and Brokerage Business recorded net sales of ¥288,456 million, up 30.5% year on year, and operating income of ¥25,857 million, up 47.5% year on year, during the fiscal year under review, with steady progress in sales of real estate centered on residential land by Sekisui House Real Estate Group companies contributing to increased earnings.

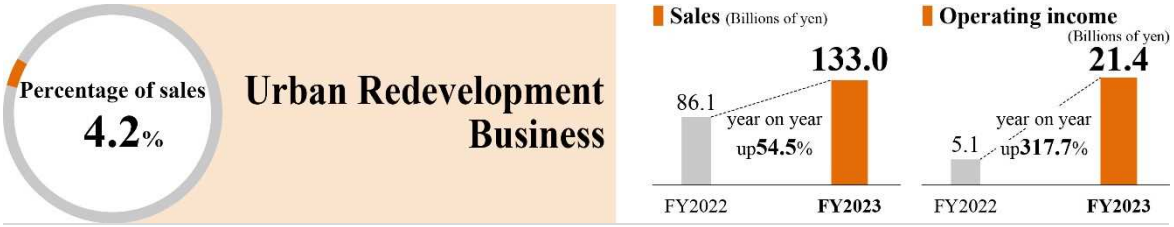
While focusing on strengthening information routes to increase inquiries from customers, the Business also actively purchased prime residential land in line with area-specific marketing and made efforts with activities aimed at customers considering the purchase of land to develop properties, resulting in continued favorable upward trend in orders.



The Condominiums Business recorded net sales of ¥109,450 million, up 12.7% year on year, and operating income of ¥17,532 million, up 27.4% year on year, for the fiscal year under review.

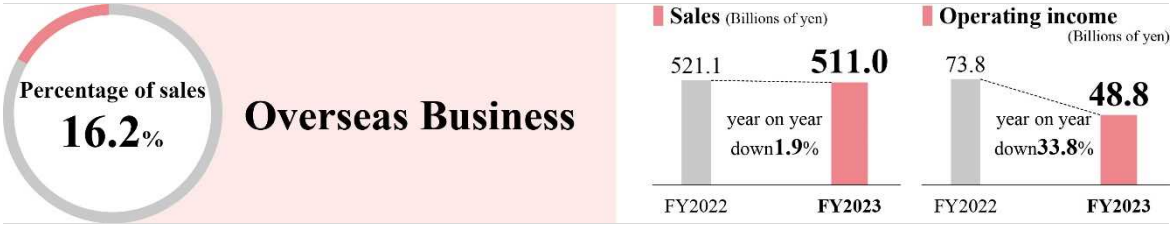
The completion of the delivery of Grande Maison Ohori Koen The Tower (Chuo-ku, Fukuoka City) and steady progress with the delivery of Grande Maison Mizonokuchi no Mori (Takatsu-ku, Kawasaki City), among others, contributed to higher income thanks to the as-scheduled progress of deliveries.

The Business also carefully selected development sites to further enhance the Grande Maison brand of high-value-added condominiums in commercial districts in Tokyo, Nagoya, Osaka, and Fukuoka, and made all units ZEH for properties sold from 2023 in order to contribute to decarbonization in the household sector. These initiatives were well-received, with sales at Grande Maison Kitahorie Residence (Nishi-ku, Osaka City) and Grande Maison Fukuoka The Central Luxe (Chuo-ku, Fukuoka City) remaining strong.



The Urban Redevelopment Business reported net sales of ¥133,073 million, up 54.5% year on year, and operating income of ¥21,430 million, up 317.7% year on year, during the fiscal year under review.

Earnings increased due to steady progress in the sales of properties as planned. The occupancy rate of Sekisui House Group properties, such as Sekisui House Prime Maison rental housing, also remained strong. In addition, the operation of owned hotels has shown a recovery trend mainly with urban type hotels.



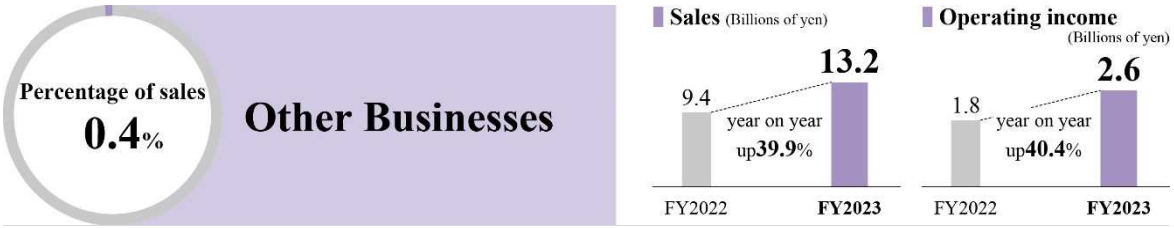
The Overseas Business earned net sales of ¥511,055 million, down 1.9% year on year, and operating income of ¥48,898 million, down 33.8% year on year, during the fiscal year under review.

In the United States, the homebuilding business and the master-planned community business were affected by a decrease in order backlog associated with the rise in mortgage rates during the previous fiscal year, but orders remained on a recovery trend under strong demand for new high-quality housing. Furthermore, Woodside Homes Company, LLC, a subsidiary in the United States, acquired Hubble Group, LLC, a housing sales company in Idaho, to further expand our housing sales area and extend the outreach of the Sekisui House technologies. To promote the SHAWOOD business, a model building was opened in Sommers Bend (California) in November 2023 and sales started in January 2024. The number of visitors and orders is showing favorable progress. In the multifamily business, delivery of St. Andrews (Los Angeles) and The Society Margo building (San Diego, third building out of a total of four buildings) were completed as planned.

In Australia, although there was a decline in the number of detached houses sold, there was smooth progress in the condominium development business, with the delivery of a portion of the commercial West Village (Brisbane) building property, and of condominiums at Melrose Park (Sydney), in addition to other planned development properties.

In Singapore, the transfer of equity interest in the Waterway Point commercial facility in Punggol was completed.

In China, the transfer of equity interest in the Le Meridien Shenyang Heping hotel was completed in September 2023, and liquidation of Sekisui Housing (Taicang) Co., Ltd. was completed in December of the same year, as part of progress towards the completion of business in China.



Other businesses generated net sales of ¥13,230 million, up 39.9% year on year, and operating income of ¥2,654 million, up 40.4% year on year, during the fiscal year under review.

Note: Changes have been made in the classification of business segments in the fiscal year under review. Net sales and operating income for the previous fiscal year have been restated based on the new classifications.

(2) Issues to Be Addressed by Sekisui House Group

Looking at the global economy, it will remain necessary to monitor the impact on prices of energy and raw materials and procurement costs that may be caused by the continuing high level of inflation and movements in tight monetary policies around the world, as well as fluctuations in foreign exchange rates and geopolitical risks.

In the Japanese housing market, demand is being pushed down by soaring construction costs due to the rise in materials prices and labor costs. However, demand is expected to rise for energy-saving residences and other high-quality housing that is not only safe and secure, but also comfortable and environmentally-friendly, in the context of increasingly diverse lifestyles and senses of value due partly to the advent of the era of the 100-year lifespan and living with and after COVID-19, as well as increasingly severe natural disasters associated with climate change, the revision of the certification system for long-term high-quality housing, and the reform of the Building Energy Conservation Act. The Company is required to address increasingly diverse customer needs.

In the US housing market, although housing starts are in a correction phase due to the impact of persistently high mortgage rates, there remains strong potential demand against the backdrop of the steadily growing population and a shortage in high-quality housing, and the Company needs to respond to the emergence of demand for newly-built housing, which is anticipated to recover as prices and interest rates stabilize.

Based on a recognition of business issues such as these, the Company will promote the Sixth Mid-Term Management Plan (FY2023–FY2025) established and announced in March 2023 with the basic policy of "stable growth in Japan and proactive growth overseas," aiming to achieve the Sekisui House Global Vision for 2050 of "making home the happiest place in the world."

The Sekisui House Group will leverage its core competence, that is, "technical capabilities," "construction capabilities," and "customer base," and its proprietary value chain, through which the Group provides all processes associated with home-building, from product and technological development to sales, design, construction, and after-sales service, to strengthen and extend existing businesses.

The Group will transplant the Sekisui House technologies developed in Japan to expand its businesses overseas, while also responding to changes in society and the business environment and leveraging digital technologies to progressively pioneer and extend new businesses.

In Japan, to reinforce its detached house brands, the Group will enhance its three-brand strategy, launching a new skeleton and infill business and strengthening first range offerings. At the same time, it will enhance the Sha Maison brand based on a thoroughgoing area strategy and reinforce corporate and public real estate (CRE and PRE) businesses. By doing so, the Group seeks to expand its business domain and achieve stable growth in Japan. In addition, it will continue to develop new business by promoting the Platform House Concept of equipping houses with services supporting the health, connectedness and learning that will underpin new lifestyles (under which services were launched during the period of the Fifth Mid-Term Management Plan), as well as such initiatives as utilizing the Internet of Things (IoT). At the same time, it will incorporate new uses of digital transformation (DX) in services and management operations and leverage Sekisui House technologies in the overseas business to expand new businesses.

In February 2024, the Group established a new company, Sekisui House Innovation & Communication, Ltd., to engage in business creation through open innovation. In addition to enhancing the value of the Group's human resources by creating businesses that transform the future, this new company aims to resolve social issues associated with daily living.

In this way, during the period of the Sixth Mid-Term Management Plan, the Group will practice ambidextrous management, both exploiting and exploring, while advancing growth strategies domestically and overseas to further enhance corporate value.

In addition, the Group will strive to further enhance the value of its human resources through initiatives to support employees' career autonomy, align their vectors, and promote diversity, equity, and inclusion, among other efforts, to accelerate growth as a global corporation.

From a financial standpoint, the Group recognizes the importance of maintaining a balance between promoting investment in growth with a consciousness of capital efficiency and ensuring financial soundness. On this basis, the Group aims to enhance corporate value by strengthening its capacity to generate cash returns to boost ROE and achieving synergies with the promotion of ESG management.

Regarding growth investments, the Group will aggressively pursue real estate investments in Japan and overseas and investments in the foundations for growth, such as human resources, IT, DX, research and development, and M&A. The Group will strive to achieve both its growth strategy and finance strategy, engaging in financial operations with a consciousness of financial soundness and credit ratings. Regarding shareholder returns, in addition to the Group's existing policy of an average dividend payout ratio of at least 40% over the medium term, during the term of the Sixth Mid-Term Management Plan, the minimum dividend per share will be set at 110 yen per year (the result for the fiscal year ended January 31, 2023) to further increase the stability of shareholder returns, and the Group will seek to enhance shareholder value through the flexible acquisition of the Company's own stock.

We sincerely ask for our shareholders' further support, assistance and guidance.

(3) Breakdown of Orders Received and Net Sales of Sekisui House Group

Millions of yen

	Orders brought forward from the previous fiscal year	Orders for the fiscal year ended January 31, 2024	Net sales for the fiscal year ended January 31, 2024	Orders carried forward to the following fiscal year
Built-to-Order Business				
Detached Houses Business	235,362	465,691	471,056	229,996
Rental Housing and Commercial Buildings Business	490,349	550,222	524,121	516,450
Architectural/Civil Engineering Business	375,637	300,313	274,653	401,297
Supplied Housing Business				
Rental Housing Management Business	—	646,588	646,588	—
Remodeling Business	36,557	173,044	174,996	34,605
Development Business				
Real Estate and Brokerage Business	42,400	306,875	288,456	60,819
Condominiums Business	77,420	121,019	109,450	88,989
Urban Redevelopment Business	—	135,623	133,073	2,550
Overseas Business	212,319	520,047	511,055	236,143
Other Businesses	407	13,193	13,230	579
Eliminations and corporate	(22,666)	(36,182)	(39,440)	(19,408)
Total	1,447,787	3,196,437	3,107,242	1,552,023

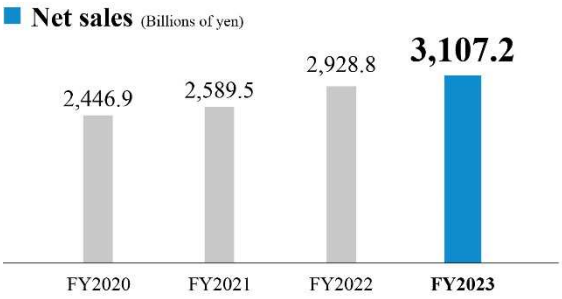
Notes:

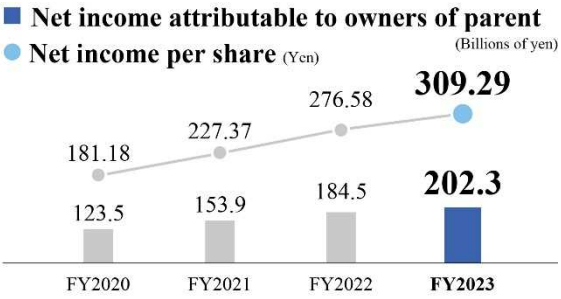
1. Each business division is set out in the section of (7) Major Businesses as of January 31, 2024.
2. Changes have been made in the classification of business segments in the fiscal year under review. Orders brought forward from the previous fiscal year have been restated based on the new classifications.
3. Figures for Hubble Group, LLC and its subsidiaries, which became the Company's consolidated subsidiaries in the fiscal year under review, are included in each indicator of "Overseas Business." "Orders for the fiscal year ended January 31, 2024" and "Net sales for the fiscal year ended January 31, 2024" only include figures for these companies after the consolidation, while "Orders carried forward to the following fiscal year" include the orders received by these companies prior to the consolidation as well.
4. For AIDA Co., Ltd., which became the Company's consolidated subsidiary in the fiscal year under review, orders received prior to the consolidation are included in the "Orders carried forward to the following fiscal year" of "Other Businesses."

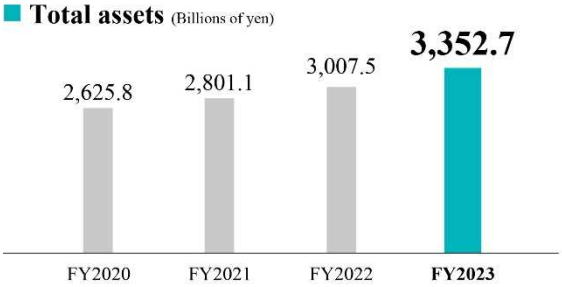
(4) Business Results and Financial Situation of Sekisui House Group

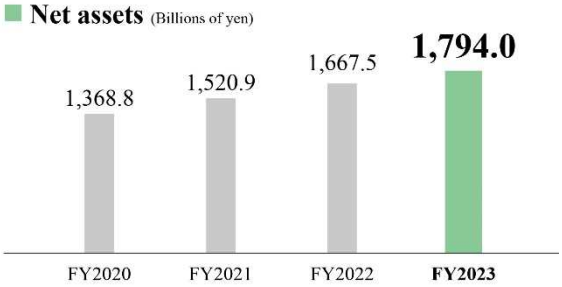
Millions of yen

	Fiscal year ended January 31, 2021	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2023	Fiscal year ended January 31, 2024
Net sales	2,446,904	2,589,579	2,928,835	3,107,242
Net income attributable to owners of parent	123,542	153,905	184,520	202,325
Net income per share (*yen*)	181.18	227.37	276.58	309.29
Total assets	2,625,861	2,801,189	3,007,537	3,352,798
Net assets	1,368,887	1,520,959	1,667,546	1,794,052









(5) Capital Investment and Conditions of Financing

The aggregate amount of plant-and-equipment investments made by the Sekisui House Group during the fiscal year under review amounted to ¥86,709 million and the main component was acquisition of the real estate for investments.

The main funds procured during the fiscal year comprise the issuance unsecured straight corporate bonds of ¥30,000 million and borrowings from financial institutions of ¥30,000 million.

(6) Status of Significant Corporate Restructuring, etc.

At the meeting of the Board of Directors held on January 18, 2024, the Company resolved to acquire all of the shares of M.D.C. Holdings, Inc. ("MDC"), which is engaged in homebuilding business in the United States, through SH Residential Holdings, LLC, a subsidiary of the Company's United States headquarters, Sekisui House US Holdings, LLC, and executed the relevant merger agreements on the acquisition of MDC on the same day.

(7) Major Businesses as of January 31, 2024

The Company and the Sekisui House Group companies are involved in the Detached Houses Business, Rental Housing and Commercial Buildings Business, Architectural/Civil Engineering Business, Rental Housing Management Business, Remodeling Business, Real Estate and Brokerage Business, Condominiums Business, Urban Development Business, Overseas Business, and carry out related business activities. The position of each business within the Group is illustrated below.

Built-to-Order Business	
Detached Houses Business	Designing, construction contracting, and selling detached houses
Rental Housing and Commercial Buildings Business	Designing, construction contracting, and selling rental housing, commercial buildings, and other buildings
Architectural/Civil Engineering Business	Designing and construction contracting for architectural and civil engineering work for commercial and other buildings
Supplied Housing Business	
Rental Housing Management Business	Leasing and managing services for rental housing and other buildings
Remodeling Business	Remodeling detached houses, rental housing, and other buildings
Development Business	
Real Estate and Brokerage Business	Brokering and selling residential land, existing houses, income-generating real estate, and other buildings
Condominiums Business	Developing, selling, and managing condominiums for sale
Urban Redevelopment Business	Developing, managing, and maintaining office buildings, hotels, rental condominiums, and other buildings
Overseas Business	Selling detached houses, clearing, developing and selling residential land, and developing condominiums for sale, rental condominiums, and other buildings in overseas markets
Other Businesses	Real estate management services, nonlife insurance agency services, etc.

(8) Major Operations of Sekisui House Group as of January 31, 2024

(i) Location of major operations of the Company

Head office:	1-88, Oyodonaka 1-chome, Kita-ku, Osaka	
Sales and project headquarters:		City
International Business Department		Osaka
Development Department		Shibuya-ku, Tokyo
Condominium Headquarters		Osaka
East Japan Building Sales Administration Headquarters		Shibuya-ku, Tokyo
Tokyo Building Sales Administration Headquarters		Shibuya-ku, Tokyo
Chubu Building Sales Administration Headquarters		Nagoya
Kansai Building Sales Administration Headquarters		Osaka
Chugoku Kyushu Building Sales Administration Headquarters		Fukuoka
Tohoku Sales Administration Headquarters		Sendai
Tokyo Sales Administration Headquarters		Shinjuku-ku, Tokyo
Kanagawa Sales Administration Headquarters		Yokohama
Saitama Tochigi Sales Administration Headquarters		Saitama
Higashi Kanto Sales Administration Headquarters		Chiba
Joshinetsu Sales Administration Headquarters		Nagano
Chubu Daiichi Sales Administration Headquarters		Nagoya
Chubu Daini Sales Administration Headquarters		Shizuoka
Kansai Daiichi Sales Administration Headquarters		Osaka
Kansai Daini Sales Administration Headquarters		Kyoto
Chugoku Shikoku Sales Administration Headquarters		Hiroshima
Kyushu Sales Administration Headquarters		Fukuoka
Branches:	102 Branches	
Sales Offices:	6 Sales Offices	
Customer Service Centers:	29 Customer Service Centers	
Factories:		
Tohoku Factory	Shikama-cho, Kami-gun, Miyagi	
Kanto Factory	Koga, Ibaraki	
Shizuoka Factory	Kakegawa, Shizuoka	
Yamaguchi Factory	Yamaguchi	
Hyogo Factory	Kato, Hyogo	
R&D Institutes:		
Comprehensive Housing R&D Institute	Kizugawa, Kyoto	
Human Life R&D Institute	Osaka	

(ii) Address of major operations of subsidiaries

Sekisui House Real Estate Holdings, Ltd.	Head office: 1-30, Oyodonaka 1-chome, Kita-ku, Osaka
Sekisui House Real Estate Tohoku, Ltd.	Head office: 16-10, Honcho 2-chome, Aoba-ku, Sendai
Sekisui House Real Estate Tokyo, Ltd.	Head office: 1-1, Yoyogi 2-chome, Shibuya-ku, Tokyo
Sekisui House Real Estate Chubu, Ltd.	Head office: 24-16, Meieki 4-chome, Nakamura-ku, Nagoya
Sekisui House Real Estate Kansai, Ltd.	Head office: 1-30, Oyodonaka 1-chome, Kita-ku, Osaka
Sekisui House Real Estate Chugoku & Shikoku, Ltd.	Head office: 1-25, Komachi, Naka-ku, Hiroshima
Sekisui House Real Estate Kyushu, Ltd.	Head office: 26-29, Hakataekimae 3-chome, Hakata-ku, Fukuoka
Sekisui House Trust, Ltd.	Head office: 1-1, Yoyogi 2-chome, Shibuya-ku, Tokyo
Sekisui House Construction Tohoku Co., Ltd.	Head office: 15-2 Akedori 3-chome, Izumi-ku, Sendai
Sekisui House Construction Tokyo Co., Ltd.	Head office: 1760-2 Ooaza Niizo, Toda, Saitama
Sekisui House Construction Kanto Co., Ltd.	Head office: 14-10 Higashiomiya 6-chome, Minuma-ku, Saitama
Sekisui House Construction Joshinetsu Co., Ltd.	Head office: 1276-3 Ooaza Yashiro, Chikuma, Nagano
Sekisui House Construction Chubu Co., Ltd.	Head office: 609 Shikenya 2-chome, Moriyama-ku, Nagoya
Sekisui House Construction Kansai Co., Ltd.	Head office: 3-2 Nishishinsaibashi 2-chome, Chuo-ku, Osaka
Sekisui House Construction Chugokushikoku Co., Ltd.	Head office: 4-31 Tomominami 1-chome, Asaminami-ku, Hiroshima
Sekisui House Construction Kyushu Co., Ltd.	Head office: 10-13 Isoda 2-chome, Hakata-ku, Fukuoka
Sekisui House Remodeling, Ltd.	Head office: 1-90, Oyodonaka 1-chome, Kita-ku, Osaka
Sekisui House Financial Services Co., Ltd.	Head office: 1-90, Oyodonaka 1-chome, Kita-ku, Osaka
Sekisui House noie Limited	Head office: 1-90, Oyodonaka 1-chome, Kita-ku, Osaka
Sekisui House Asset Management, Ltd.	Head office: 15-1, Akasaka 4-chome, Minato-ku, Tokyo
Konoike Construction Co., Ltd.	Head office: 6-1, Kitakyuhojimachi 3-chome, Chuo-ku, Osaka
SEKISUI HOUSE US HOLDINGS, LLC	Head office: California, U.S.A.
NORTH AMERICA SEKISUI HOUSE, LLC	Head office: California, U.S.A.
SH RESIDENTIAL HOLDINGS, LLC	Head office: California, U.S.A.
WOODSIDE HOMES COMPANY, LLC	Head office: Utah, U.S.A.
HOLT GROUP HOLDINGS, LLC	Head office: Washington, U.S.A.
CHESMAR HOLDINGS, LLC	Head office: Texas, U.S.A.
SEKISUI HOUSE AUSTRALIA HOLDINGS PTY LIMITED	Head office: New South Wales, Australia
Sekisui House (Shenyang) Co., Ltd.	Head office: Liaoning Shenyang City, China

Note:

The addresses above which do not include the specific country name should be recognized as addresses in Japan.

(9) Outline of Main Subsidiaries

Company name	Capital *Millions of yen*	Percentage owned	Main business
Sekisui House Real Estate Holdings, Ltd.	100	100.0%	Rental Housing Management Business, Real Estate and Brokerage Business
Sekisui House Real Estate Tohoku, Ltd.	200	100.0%*	Rental Housing Management Business, Real Estate and Brokerage Business
Sekisui House Real Estate Tokyo, Ltd.	2,238	100.0%*	Rental Housing Management Business, Real Estate and Brokerage Business
Sekisui House Real Estate Chubu, Ltd.	1,368	100.0%*	Rental Housing Management Business, Real Estate and Brokerage Business
Sekisui House Real Estate Kansai, Ltd.	5,829	100.0%*	Rental Housing Management Business, Real Estate and Brokerage Business
Sekisui House Real Estate Chugoku & Shikoku, Ltd.	379	100.0%*	Rental Housing Management Business, Real Estate and Brokerage Business
Sekisui House Real Estate Kyushu, Ltd.	263	100.0%*	Rental Housing Management Business, Real Estate and Brokerage Business
Sekisui House Trust, Ltd.	450	95.0%	Rental Housing Management Business
Sekisui House Construction Tohoku Co., Ltd.	100	100.0%	Detached Houses Business, Rental Housing Business
Sekisui House Construction Tokyo Co., Ltd.	100	100.0%	Detached Houses Business, Rental Housing Business
Sekisui House Construction Kanto Co., Ltd.	100	100.0%	Detached Houses Business, Rental Housing Business
Sekisui House Construction Joshinetsu Co., Ltd.	100	100.0%	Detached Houses Business, Rental Housing Business
Sekisui House Construction Chubu Co., Ltd.	100	100.0%	Detached Houses Business, Rental Housing Business
Sekisui House Construction Kansai Co., Ltd.	100	100.0%	Detached Houses Business, Rental Housing Business
Sekisui House Construction Chugokushikoku Co., Ltd.	100	100.0%	Detached Houses Business, Rental Housing Business
Sekisui House Construction Kyushu Co., Ltd.	100	100.0%	Detached Houses Business, Rental Housing Business
Sekisui House Remodeling, Ltd.	100	100.0%	Remodeling Business
Sekisui House Financial Services Co., Ltd.	100	100.0%	Other Businesses
Sekisui House noie Limited	100	100.0%	Detached Houses Business
Sekisui House Asset Management, Ltd.	400	100.0%	Other Businesses
Konoike Construction Co., Ltd.	5,350	81.4%	Architectural/Civil Engineering Business
SEKISUI HOUSE US HOLDINGS, LLC	2,138 (Millions of USD)	100.0%	Overseas Business
NORTH AMERICA SEKISUI HOUSE, LLC	1,233 (Millions of USD)	100.0%*	Overseas Business
SH RESIDENTIAL HOLDINGS, LLC	1,428 (Millions of USD)	100.0%*	Overseas Business
WOODSIDE HOMES COMPANY, LLC	307 (Millions of USD)	100.0%*	Overseas Business
HOLT GROUP HOLDINGS, LLC	344 (Millions of USD)	100.0%*	Overseas Business
CHESMAR HOLDINGS, LLC	503 (Millions of USD)	100.0%*	Overseas Business
SEKISUI HOUSE AUSTRALIA HOLDINGS PTY LIMITED	1,087 (Millions of AUD)	100.0%	Overseas Business
Sekisui House (Shenyang) Co., Ltd.	219 (Millions of USD)	100.0%	Overseas Business

Notes:

1. There are 342 consolidated subsidiaries, and 37 companies to which the equity method of accounting is applied.
2. Ownership ratio of "Percentage owned" with "*" includes indirect ownership.

3. The Sekisui House Construction Group has undergone an organizational restructuring centered on the adoption of an intermediary holding company structure through Sekisui House Construction Holdings, Ltd., a wholly owned subsidiary of the Company. The Company's equity interests in all eight Sekisui House Construction companies became indirect interests as of February 1, 2024.
4. The residual assets of Sekisui House No.1 (Shenyang) Co., Ltd. were distributed on January 9, 2024, and it was liquidated on February 20, 2024.

(10) Employees as of January 31, 2024

(i) Outline of Sekisui House Group

Number of employees	Change compared to the previous year
29,932	880 (increase)

(ii) Outline of Sekisui House, Ltd.

Number of employees	Change compared to the previous year	Average age	Average length of employment
16,627	390 (increased)	44.4 years old	17.3 years

Note: The number of employees stated above includes those dispatched to subsidiaries and the like.

(11) Principal Lenders as of January 31, 2024

Millions of yen

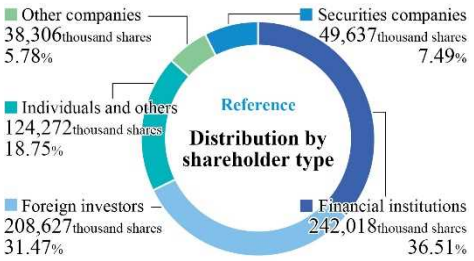
Name of lenders	Amount of loan
Sumitomo Mitsui Banking Corporation	208,221
Mizuho Bank, Ltd.	168,229
MUFG Bank, Ltd.	158,234
Sumitomo Mitsui Trust Bank, Limited	116,640
Resona Bank, Limited	4,544

Note: The amount of loan denominated in foreign currency is converted using the term-end rate of exchange.

2. Present Conditions of the Company

(1) The Shares as of January 31, 2024

1	Total number of shares authorized to be issued	1,978,281,000 shares
2	Total number of shares issued (Including treasury stock)	662,862,666 shares (14,738,819 shares)
3	Share unit number	100
4	Total number of shareholders	168,498
5	Details of main shareholders are as follows:	



Note: "Individuals and others" includes 14,738 thousand shares of treasury stock.

Name	Number of shares held (thousands)	Ratio of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	110,025	16.98
Custody Bank of Japan, Ltd. (Trust account)	40,341	6.22
Sekisui House Ikushikai	20,855	3.22
SMBC Nikko Securities Inc.	20,485	3.16
Sekisui Chemical Co., Ltd.	14,168	2.19
STATE STREET BANK WEST CLIENT – TREATY 505234	14,116	2.18
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS	8,508	1.31
JAPAN SECURITIES FINANCE CO., LTD.	8,206	1.27
MUFG Bank, Ltd.	8,174	1.26
The Dai-ichi Life Insurance Company, Limited	7,903	1.22

Notes:

1. Sekisui House Ikushikai is the Company's employee stock holding association.
2. The Company holds 14,738,819 shares of treasury stock, but is excluded from the above list of main shareholders. The ratio of shareholding is calculated deducting shares of treasury stock from the total number of shares issued.
3. THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS is the nominal holder of shares deposited for the purpose of issuing American Depositary Receipts (ADRs).

6 Shares issued to Directors of the Board and Audit and Supervisory Board Members as remuneration for the execution of their duties during the fiscal year under review.

Position	Number of shares	Number of recipients
Directors of the Board (excluding Outside Directors of the Board. Including retired Directors of the Board)	102,100	10
Outside Directors of the Board	—	—
Audit and Supervisory Board Members	1,200	1

7 Other important matters concerning shares

The Company cancelled 22,000,000 shares of treasury stock and acquired 14,376,800 shares of treasury stock based on a resolution at the meeting of the Board of Directors held on March 9, 2023.

(2) Outlines of Stock Acquisition Rights

Outlines of stock acquisition rights granted in consideration of the performance of duties as of January 31, 2024

・ Number of stock acquisition rights

86 units

・ Type and number of shares to be issued upon exercise of stock acquisition rights

86,000 common shares of the Company (1,000 shares per unit)

・ Current situation of stock acquisition rights held by posts

Category (Exercise period)	Directors of the Board (Outside Directors of the Board)		Executive Officers		Audit and Supervisory Board Members		Others	
	Number of holders	Number of stock acquisition rights	Number of holders	Number of stock acquisition rights	Number of holders	Number of stock acquisition rights	Number of holders	Number of stock acquisition rights
No. 7 Stock Acquisition Rights (Stock compensation-type stock option) (From June 14, 2012 to June 13, 2032)	1	3	1	3	–	–	2	5
No. 8 Stock Acquisition Rights (Stock compensation-type stock option) (From June 14, 2013 to June 13, 2033)	1	1	1	1	–	–	4	4
No. 9 Stock Acquisition Rights (Stock compensation-type stock option) (From June 14, 2014 to June 13, 2034)	3	6	1	2	–	–	3	7
No. 10 Stock Acquisition Rights (Stock compensation-type stock option) (From June 13, 2015 to June 12, 2035)	3	4	1	1	–	–	4	5
No. 11 Stock Acquisition Rights (Stock compensation-type stock option) (From June 15, 2016 to June 14, 2036)	3	5	1	1	–	–	4	6
No. 12 Stock Acquisition Rights (Stock compensation-type stock option) (From June 15, 2017 to June 14, 2037)	3	6	1	1	–	–	4	5
No. 13 Stock Acquisition Rights (Stock compensation-type stock option) (From June 15, 2018 to June 14, 2038)	4 (1)	11 (1)	4	5	1	1	1	3

Notes:

1. The number of Executive Officers stated in the above table does not include Executive Officers who concurrently hold the office of Director of the Board.
2. The exercise price of stock acquisition rights above is ¥1 per share.

(3) Directors of the Board and Audit and Supervisory Board Members

(i) Names and posts of Directors of the Board and Audit and Supervisory Board Members as of January 31, 2024

Representative Directors of the Board:	
Yoshihiro Nakai	President, Executive Officer, CEO
Yosuke Horiuchi	Vice Chairman, Executive Officer, in charge of Division of Finance and ESG
Satoshi Tanaka	Executive Vice President, Executive Officer, in charge of Division of Administration and Human Resources
Directors of the Board:	
Toru Ishii	Senior Managing Officer, in charge of Division of Development Business
Hiroshi Shinozaki	Senior Managing Officer, in charge of Building Sales Administration and TKC Project
Yukiko Yoshimaru	
Toshifumi Kitazawa	
Yoshimi Nakajima	
Keiko Takegawa	
Shinichi Abe	
Standing Audit and Supervisory Board Members:	
Midori Ito	
Takashi Ogino	
Ryuichi Tsuruta	
Audit and Supervisory Board Members:	
Takashi Kobayashi	
Yoritomo Wada	

Notes:

1. The name of the Director of the Board who retired during the fiscal year under review and his post and responsibilities at the time of retirement are as follows.

Director of the Board	Toshiharu Miura	Senior Managing Officer, in charge of Division of Technology and Production	Retired on April 25, 2023

2. Director of the Board Mr. Hiroshi Shinozaki was newly elected and assumed office at the 72nd Ordinary General Meeting of Shareholders held on April 25, 2023.
3. Directors of the Board Ms. Yukiko Yoshimaru, Mr. Toshifumi Kitazawa, Ms. Yoshimi Nakajima, Ms. Keiko Takegawa and Mr. Shinichi Abe are Outside Directors of the Board as prescribed in Article 2, Item 15 of the Companies Act.
4. Audit and Supervisory Board Members Mr. Ryuichi Tsuruta, Mr. Takashi Kobayashi and Mr. Yoritomo Wada are Outside Audit and Supervisory Board Members as prescribed in Article 2, Item 16 of the Companies Act.
5. Audit and Supervisory Board Member Mr. Yoritomo Wada is a certified public accountant and is acquainted with knowledge and information on finance and accounting to the reasonable extent.
6. The Company designated each of Directors of the Board Ms. Yukiko Yoshimaru, Mr. Toshifumi Kitazawa, Ms. Yoshimi Nakajima, Ms. Keiko Takegawa and Mr. Shinichi Abe, Audit and Supervisory Board Members Mr. Ryuichi Tsuruta, Mr. Takashi Kobayashi and Mr. Yoritomo Wada as “Independent Directors/Auditors” and submitted notification to that effect to the Tokyo Stock Exchange, Inc. (as of March 2024).

7. Directors of the Board and Audit and Supervisory Board Members who concurrently hold the important post of other companies are stated below.

Directors of the Board:		
Name	Company in which Directors of the Board of the Company hold a concurrent post	Post
Yosuke Horiuchi	Sekisui House Financial Services Co., Ltd. Japan Federation of Housing Organizations	President, Representative Director of the Board Vice Chairman
Satoshi Tanaka	Kuraray Co., Ltd. IHH Healthcare Berhad	Outside Director Outside Director
Hiroshi Shinozaki	Sekisui House Real Estate Holdings, Ltd.	Executive Vice President, Director of the Board
Yukiko Yoshimaru	Mitsui Chemicals, Inc. Daiwabo Holdings Co., Ltd.	Outside Director Outside Director
Toshifumi Kitazawa	Tokio Marine & Nichido Fire Insurance Co., Ltd. MUFG Bank, Ltd. Mitsubishi Logistics Corporation	Advisor Member of the Board of Directors (Outside) (Member of the Audit & Supervisory Committee) Outside Director
Yoshimi Nakajima	AEON Financial Service Co., Ltd. Japan Freight Railway Company ULVAC, Inc. The Graduate School of Project Design	Outside Director Outside Director External Director Specially Appointed Professor
Keiko Takegawa	MITSUI MINING & SMELTING CO., LTD. Faculty of Global Business of Showa Women's University	Outside Director Specially Appointed Professor
Shinichi Abe	MNES Inc.	Representative Director, President and CEO
Audit and Supervisory Board Members:		
Name	Company in which Audit and Supervisory Board Members of the Company hold a concurrent post	Post
Ryuichi Tsuruta	CG Consulting The Graduate School of Project Design	Representative Special Instructor
Takashi Kobayashi	Ono-Kobayashi Law Office	Lawyer
Yoritomo Wada	Wada CPA Accounting Firm NIPPON SHOKUBAI CO., LTD. TRUSCO NAKAYAMA Corporation	Certified Public Accountant External Statutory Corporate Auditor Outside Auditor

(ii) Outline of Directors and Officers Liability Insurance Contract

The Company has entered into a directors and officers liability insurance contract with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. The insurance premiums are fully borne by the Company. The insurance policy covers damages that may arise from the insured Directors of the Board, Audit and Supervisory Board Members, Executive Officers, etc. (including those who retired) assuming responsibility for the execution of their duties or receiving claims related to the pursuit of such responsibility. However, there are certain exemptions to ensure the appropriateness of the execution of duties by the insured parties; for example, damage caused as a result of any criminal act of the insured shall not be covered.

(iii) Remunerations paid for Directors of the Board and Audit and Supervisory Board Members

a. Matters related to the Policy for Determining Remuneration Amounts for Individual Directors of the Board or Calculation Methods Thereof

The remuneration of Directors of the Board is determined in accordance with the following basic policies.

Basic remuneration policies

(1) In accordance with the Corporate Philosophy espousing the underpinning philosophy of "Love of Humanity," the Company shall ensure the objectivity and transparency of and adequately fulfill its accountability for a remuneration system through high standards of remuneration governance, in order to be fair to all the stakeholders including shareholders, investors, customers and employees.

(2) Aiming to be a leading company in ESG management, the Company shall establish a remuneration system that works as a healthy incentive for a long-term and sustainable enhancement of the corporate value by focusing on social significance and clarifying its commitments to steadily executing innovative growth strategies.

(3) The Company shall deliver a long-term improvement in the Group-wide organizational vitality by placing an emphasis on alignment a remuneration system with development and evaluation of senior management and motivating the next generation of managerial human resources to grow.

(a) Method of determining policies, etc. and matters related to delegation of determining details of remuneration, etc. for individual officers

- The Company has established the Personnel Affairs and Remuneration Committee as a consultative body to the Board of Directors for the purpose of ensuring fairness and transparency in the decision making procedures on human resource matters such as the selection and dismissal of Directors of the Board and their remuneration.
- The Personnel Affairs and Remuneration Committee deliberates on basic policies regarding a remuneration system, remuneration structure, and other issues, and reports its findings to the Board of Directors. Based on the recommendations of the Committee, the Board of Directors, by its resolution, sets the amount of remuneration, etc. for each individual Director of the Board or the policy for determining such amount in the "Officer Remuneration Rules." The Board of Directors confirms that the remuneration, etc. of Directors of the Board for the fiscal year has been determined in accordance with the "Officer Remuneration Rules" to determine whether the amount of remuneration, etc. for individual Directors of the Board is in line with the policy for determining such remuneration.
- In order to improve the objectivity and independence of the remuneration determination process, the Board of Directors, by its resolution, delegates the authority to determine the amount of remuneration for individual Directors of the Board to the Personnel Affairs and Remuneration Committee. The Personnel Affairs and Remuneration Committee engages in deliberations with a full grasp of the recent environment and public trends related to management remuneration, utilizing collected information and advice from external expert agencies with global experience and insight, from the perspective of enhancing the effective performance of the functions delegated to it by the Board of Directors while ensuring the independence of decision-making.

Composition of the Personnel Affairs and Remuneration Committee

Composition	The majority of the Committee members shall be Independent Outside Directors of the Board and the Committee shall be chaired by an Independent Outside Director of the Board. Five members (including three Outside Directors of the Board) Chairperson: Yukiko Yoshimaru (Outside Director of the Board) Committee members: Outside Directors of the Board: Toshifumi Kitazawa and Keiko Takegawa Internal Directors of the Board: Yoshihiro Nakai, Representative Director of the Board, President, Executive Officer, CEO, and Satoshi Tanaka, Representative Director of the Board, Executive Vice President, Executive Officer
Authority	As a consultative body to the Board of Directors to ensure fairness and transparency, the Personnel Affairs and Remuneration Committee provides opinions on personnel matters relating to Directors of the Board and Executive Officers and their remuneration, and determines the amount of remuneration, etc. for each individual Director of the Board.
Activity status	The Personnel Affairs and Remuneration Committee met 11 times in the fiscal year ended January 31, 2024. The main items discussed are as follows. [Nomination] ・Implementation of a CEO evaluation meeting ・Reconfirmation of the skill matrix ・Preparation of proposals for the selection of candidates for Director of the Board based on the skill matrix ・Recommendations regarding the establishment of human resources requirements for the next CEO and a framework for developing CEO successors ・Convening of CEO succession planning meetings [Remuneration] ・Determination of the amounts of officer remuneration payable to each individual Director of the Board ・Confirmation of the appropriateness of the current officer remuneration system

(b) Overview of policy details

Remuneration level

The Company sets appropriate levels of remuneration for Directors of the Board (excluding Outside Directors of the Board) that are commensurate with the Group's corporate scale and performance scale, using objective market survey data on remuneration from external specialized agencies, after selecting a group of peer companies for remuneration benchmarking.

Remuneration and incentive remuneration framework

Remuneration for Directors of the Board (excluding Outside Directors of the Board) consists of basic remuneration (fixed remuneration) and incentive remuneration (variable remuneration). The incentive remuneration is a combination of three types of remuneration: performance-related bonuses (short-term performance), performance share units (medium-term performance), and restricted stock remuneration (long-term performance).

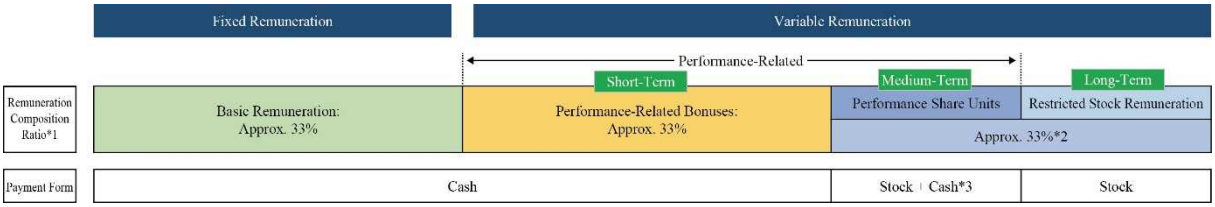
The remuneration composition shall be adequately determined according to the roles and responsibilities of each position and the Company shall make it work as a healthy incentive not only to achieve performance targets for a single fiscal year, but also to enhance the corporate value in a long-term and sustainable way. To this end, the Company has lowered the ratio of performance-related bonuses, and increased the ratio of stock remuneration to total remuneration. For Representative Directors of the Board, the remuneration composition ratio among basic remuneration, performance-related bonuses, and stock remuneration at the base performance is approximately 1:1:1.

Remuneration and incentive remuneration framework

Type of remuneration			KPI	Outline and reasons for selection of indicators for performance-related remuneration
Fixed		Basic remuneration	—	The amount shall be determined according to criteria including representation rights and position, and shall be paid on a monthly basis.
Variable	Short-term	Performance-related bonuses	Consolidated ordinary income	Consolidated ordinary income, one of the key management indicators for each fiscal year, is used as a performance indicator, and the amount to be paid shall be calculated by multiplying consolidated ordinary income by a predetermined bonus coefficient for the position of each Director of the Board (excluding Outside Directors of the Board). The bonuses shall not be paid if net income attributable to owners of parent is less than ¥120 billion.
	Medium-term	Performance share units (PSU)	ROE and ESG management indicators	ROE, a key financial indicator for the medium term, and ESG management indicator, a non-financial indicator, are used as performance indicators. The Reference Number of Share Units corresponding to predetermined standards for each Director of the Board position shall be granted (except for Outside Directors of the Board). The number of units to be granted shall depend on the degree of achievement of ROE and ESG management indicators during the three-year evaluation period. At the end of the evaluation period, the number of units to be granted shall be determined within the range of 0% to 150%. Half of the units granted shall be issued as shares and half in cash for tax payment. ROE and ESG management indicators shall have an 80:20 weighting in the evaluation, and ESG management indicators will be rigorously reviewed by the Personnel Affairs and Remuneration Committee to enhance the objectivity and transparency of the process of goal setting and evaluation.
	Long-term	Restricted stock remuneration (RS)	—	Shares of the Company's common stock (with transfer restrictions) corresponding to the predetermined basic amount set for each Director of the Board position shall be granted (except for Outside Directors of the Board). The transfer restrictions shall be lifted in the event that the grantee loses both his or her position as Director of the Board and Executive Officer of the Company.

Note: "PSU" stands for Performance Share Units. "RS" stands for Restricted Stock.

Image of remuneration composition ratio for Representative Directors of the Board at the base performance



1. The remuneration composition ratio will vary depending on position, the Company's performance and the achievement of KPIs. The image shows a remuneration composition ratio for Representative Directors of the Board at the base performance.
2. The composition ratio of performance share units to restricted stock remuneration is approximately 1:1 (at the base performance).
3. 50% of the performance share units will be paid in cash for tax payment purposes.

b. Remuneration, etc. for Outside Directors of the Board

Remuneration, etc. for Outside Directors of the Board of the Company shall be composed of basic remuneration (fixed remuneration) and various allowances for positions including Chairperson of the Board of Directors, Chairperson or Member of the Personnel Affairs and Remuneration Committee, in light of the role to supervise the management of the Company from the objective and independent standpoint. The level of basic remuneration and allowances shall be set with reference to data such as objective remuneration market survey data from external specialized agencies.

c. Remuneration, etc. for Audit and Supervisory Board Members

Remuneration, etc. for Audit and Supervisory Board Members of the Company shall be only basic remuneration (fixed remuneration) in light of the role to supervise the management of the Company from the objective and independent standpoint. The level of basic remuneration shall be set in accordance with the duties and responsibilities of each Audit and Supervisory Board Member, with reference to data such as objective remuneration market survey data from external specialized agencies.

The basic policy of the remuneration system and remuneration structure for Audit and Supervisory Board Members, and the amount of remuneration paid to individual Audit and Supervisory Board Members, shall be determined by the Audit and Supervisory Board within the limits established by resolution of the General Meeting of Shareholders.

d. Resolution of the General Meeting of Shareholders on remuneration, etc.

The upper limits of remuneration for the Company's Directors of the Board and Audit and Supervisory Board Members have been resolved as follows.

Type of remuneration, etc.	Internal Directors of the Board	Outside Directors of the Board	Audit and Supervisory Board Members
Basic remuneration	¥43 million or less per month (for 26 persons, resolved at the 43rd Ordinary General Meeting of Shareholders)		¥15 million or less per month (for 6 persons, resolved at the 67th Ordinary General Meeting of Shareholders)
Performance-related bonuses	Up to 0.18% of consolidated ordinary income of each fiscal year (for 8 persons, resolved at the 69th Ordinary General Meeting of Shareholders)	—	—
Performance share units (PSU)	Up to the amount calculated by multiplying the upper limit total of the Fixed Reference Number of Share Units of 270,000 shares per annum by the share price at the time the shares are granted, and up to 135,000 shares per annum (for 8 persons, resolved at the 69th Ordinary General Meeting of Shareholders)	—	—
Restricted stock remuneration (RS)	Up to ¥180 million and 180,000 shares of common stock per annum (for 8 persons, resolved at the 69th Ordinary General Meeting of Shareholders)	—	—

Notes:

1. The 43rd, 67th, and 69th Ordinary General Meetings of Shareholders were held on April 27, 1994, April 26, 2018, and April 23, 2020, respectively.
2. The number in parentheses (persons) is the number of Directors of the Board and Audit and Supervisory Board Members eligible for the remuneration, etc. at the conclusion of the relevant general meeting of shareholders.

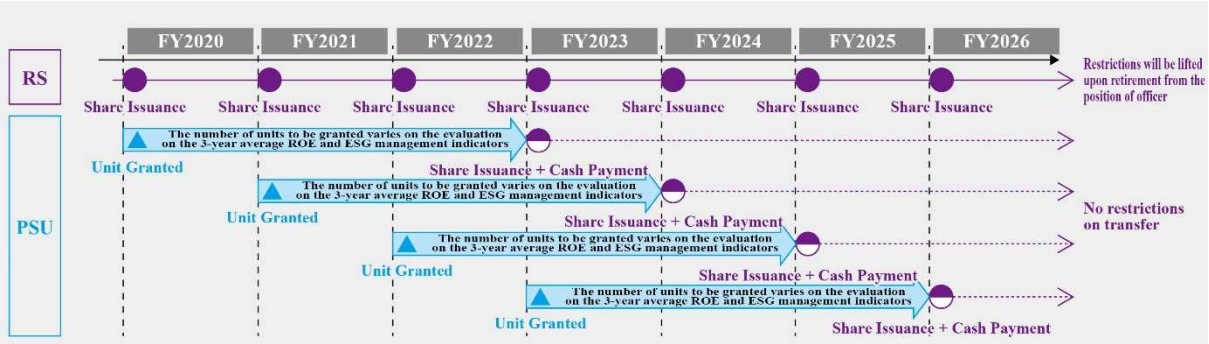
e. Remuneration paid for Internal and Outside Directors of the Board and Audit and Supervisory Board Members for the fiscal year under review

Position	Total amount of remuneration, etc. (*Millions of yen*)	Total amount of remuneration, etc. by type (*Millions of yen*)				Number of applicable officers
		Basic remuneration	Performance-related bonuses	Performance share units	Restricted stock remuneration	
Directors of the Board (Outside Directors of the Board)	1,207 (116)	384 (116)	255	444	123	11 (5)
Audit and Supervisory Board Members (Outside Audit and Supervisory Board Members)	166 (85)	166 (85)	—	—	—	5 (3)

Note: The amounts above include remuneration paid to three Directors of the Board who retired at the conclusion of the 70th Ordinary General Meeting of Shareholders held on April 27, 2021, one Director of the Board who retired as of the conclusion of the 71st Ordinary General Meeting of Shareholders held on April 26, 2022, and one Director of the Board who retired as of the conclusion of the 72nd Ordinary General Meeting of Shareholders held on April 25, 2023.

f. Performance indicator results

The amount of performance-related bonuses to be paid shall be calculated by multiplying consolidated ordinary income of ¥268,248 million by a predetermined bonus coefficient for the position of each Director of the Board (excluding Outside Directors of the Board). The number of performance share units (PSU) to be granted shall depend on the degree of achievement of ROE and ESG management indicators during the evaluation period of three consecutive fiscal years. The first payment of performance share units (PSU) was made in June 2023 for the evaluation period comprising the three consecutive fiscal years from the fiscal year ended January 31, 2021 to the fiscal year ended January 31, 2023. Since the second, third and fourth payments of performance share units (PSU) will be made for the evaluation period of three consecutive fiscal years from the fiscal year ended January 31, 2022 to the fiscal year ended January 31, 2024, from the fiscal year ended January 31, 2023 to the fiscal year ending January 31, 2025, and from the fiscal year ended January 31, 2024 to the fiscal year ending January 31, 2026, respectively, the value of performance indicators will be determined after the end of each evaluation period.



(iv) Matters Concerning Outside Officers

• The principal performance of Outside Directors of the Board and Audit and Supervisory Board Members during the fiscal year under review:

Post	Name	Principal performance
Director of the Board	Yukiko Yoshimaru	Ms. Yoshimaru attended all 12 meetings of the Board of Directors. She has contributed greatly to constructive discussion and strengthening of the effectiveness of the Board of Directors meetings by actively providing opinions and comments based on her abundant knowledge and experience in the fields of human resource management, diversity, and corporate governance. In addition, as the Chairperson of the Personnel Affairs and Remuneration Committee, she has taken the lead in clarifying the process of selecting and dismissing Directors of the Board, facilitating succession planning, and strengthening remuneration governance, and driven the reform of officer remuneration linked to the Sixth Mid-Term Management Plan.
Director of the Board	Toshifumi Kitazawa	Mr. Kitazawa attended all 12 meetings of the Board of Directors. Since his appointment as the Chairperson of the Board of Directors in May 2021, he has been leading the enhancement of constructive discussions and steady strengthening of the effectiveness of the Board of Directors meetings by flexibly steering the meetings to facilitate even more lively deliberations on medium- to long-term management issues. He has also contributed to the enhancement of deliberations as a member of the Personnel Affairs and Remuneration Committee.
Director of the Board	Yoshimi Nakajima	Ms. Nakajima attended all 12 meetings of the Board of Directors. She has contributed to constructive discussions and strengthening of the effectiveness of the Board of Directors meetings by actively expressing opinions to promote appropriate risk-taking and management reform.
Director of the Board	Keiko Takegawa	Ms. Takegawa attended all 12 meetings of the Board of Directors. She has contributed greatly to constructive discussions and strengthening of the effectiveness of the Board of Directors meetings by providing useful advice from the perspective of an ordinary citizen and actively expressing opinions regarding environmental issues, diversity, human capital and other issues. She has also contributed to enhancing deliberations as a member of the Personnel Affairs and Remuneration Committee.
Director of the Board	Shinichi Abe	Mr. Abe attended all 12 meetings of the Board of Directors. He has contributed greatly to constructive discussions and strengthening of the effectiveness of the Board of Directors meetings by actively expressing opinions from the perspectives of global business and business model transformation through digital technology, as well as providing information to promote innovation.
Audit and Supervisory Board Member	Ryuichi Tsuruta	Mr. Tsuruta attended all 12 meetings of the Board of Directors and all 17 meetings of the Audit and Supervisory Board. He provided timely opinions based on his abundant knowledge and experience in finance, accounting, disclosure, audit, overseas business and other fields and his experience as an Audit and Supervisory Board Members in another company. Since his appointment as a Standing Audit and Supervisory Board Members in April 2022, he has served as the Chairperson of the Audit and Supervisory Board and greatly contributed to building good governance structure.
Audit and Supervisory Board Member	Takashi Kobayashi	Mr. Kobayashi attended all 12 meetings of the Board of Directors and all 17 meetings of the Audit and Supervisory Board. He provided timely opinions from a legal viewpoint based on his expert insight and abundant experience as a public prosecutor and a lawyer.
Audit and Supervisory Board Member	Yoritomo Wada	Mr. Wada attended all 12 meetings of the Board of Directors and all 17 meetings of the Audit and Supervisory Board. He provided timely opinions based on his professional knowledge of finance and accounting as a certified public accountant and his knowledge and experience as an outside officer of other companies.

• Outline of agreement to limit the liability of Outside Directors of the Board and Outside Audit and Supervisory Board Members:

The Company has entered into an agreement with all Outside Directors of the Board and all Outside Audit and Supervisory Board Members that if the Outside Director of the Board or Outside Audit and Supervisory Board Members causes damages to the Company by neglect of the duty of an Outside Director of the Board or Outside Audit and Supervisory Board Members, where his/her conduct is deemed to be made in good faith without gross negligence, his/her liability is without fail limited to the sum of the amount provided by Article 425, Paragraph 1 of the Companies Act.

• Relationship between companies in which Outside Officers hold significant concurrent position and the Company:

Director of the Board Mr. Toshifumi Kitazawa is an Outside Director, Member of the Audit & Supervisory Committee of MUFG Bank, Ltd. MUFG Bank, Ltd. is a major shareholder and a principal lender of the Company. There is no special relationship between the companies in which Outside Officers hold significant concurrent position as described above in "(3) Directors of the Board and Audit and Supervisory Board Members, (i) Names and posts of Directors of the Board and Audit and Supervisory Board Members, Notes: 7" and the Company.

(4) Outline of Accounting Auditor

(i) Name Ernst & Young ShinNihon LLC

(ii) Amount of Remuneration

Category	Remuneration
The aggregate amount of remuneration payable to Accounting Auditor by the Company for the fiscal year under review	¥205 million
The aggregate amount of money and other economic benefits payable to Accounting Auditor by the Company and its consolidated companies	¥352 million

Notes:

1. The amount of remuneration for auditing made pursuant to the Companies Act and the amount of remuneration pursuant to the Financial Instrument and Exchange Act are not divided in the Auditing Agreement, which both the Company and the Accounting Auditor agreed to. Also, since it is impossible to state separately in practice, the amount represents the aggregate amount of the remuneration paid by the Company.
2. The Audit and Supervisory Board agreed on the amount of remuneration payable to the Accounting Auditor after receiving necessary materials and reports from Directors of the Board, relevant departments and the Accounting Auditor, and inspecting and discussing the appropriateness of the Accounting Auditor's audit plan, the status of execution of the accounting audit, and the grounds for estimation of the remuneration.
3. Among the Company's certain main subsidiaries, overseas subsidiaries were audited by other audit corporations.

(iii) Details of Non-Audit Service

The Company commissions the Accounting Auditor to provide advice on the promotion of ESG management, which is not any audit service specified in Article 2, Paragraph 1 of the Certified Public Accountants Act.

(iv) Dismissal or Non-Reappointment of Accounting Auditor

If Audit and Supervisory Board of the Company finds any problem about exercise of the functions of Accounting Auditor and deems that the Accounting Auditor should be changed, the Audit and Supervisory Board shall decide the content of a proposal to be submitted to the General Meeting of Shareholders for dismissal or non-reappointment of the Accounting Auditor.

If any of the dismissal causes provided by any one of the items of Article 340, Paragraph 1 of the Companies Act is applicable to the Accounting Auditor, the Audit and Supervisory Board shall dismiss the Accounting Auditor subject to the consent of all Audit and Supervisory Board Members. In such case, the Audit and Supervisory Board Members selected by the Audit and Supervisory Board will report the dismissal of the Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders held after the dismissal.

(5) System to Ensure the Due Execution of Duties and the Status of Its Implementation

(i) System to ensure the due execution of duties as of January 31, 2024

1. System which ensures that execution of duties by the Directors of the Board, Executive Officers, and employees of the Company and its subsidiaries comply with laws and regulations and the Articles of Incorporation of the Company

(1) The Sekisui House Group (the Company and its consolidated subsidiaries) shall practice its Corporate Philosophy and Code of Conduct, which represent a public promise to take actions based on the Corporate Philosophy. The Group shall comply with laws and regulations, the Articles of Incorporation and other corporate ethics, and shall set forth specific compliance matters in its Corporate Ethics Guidelines. In addition to distributing booklets summarizing this information to all officers and employees (including through electronic means), the Group shall implement training to ensure thorough compliance with laws and regulations, the Articles of Incorporation and other corporate ethics. It shall also implement annual employee awareness surveys to ascertain the current situation. The Group shall evaluate the results of these surveys with an emphasis on the spread of the Corporate Philosophy and the Sekisui House Group Code of Conduct, etc.

(2) The Board of Directors of the Company shall formulate and revise basic policies for establishing internal control systems as stipulated by the Companies Act and supervise the status of implementation of these systems through various approaches such as leveraging the internal audit division.

(3) The Audit and Supervisory Board Members and the Audit and Supervisory Board of the Company shall audit the establishment and operation of internal control systems from an independent standpoint. To ensure the effectiveness of the above procedures, the Audit and Supervisory Board Members and the Audit and Supervisory Board shall make every effort to share information and cooperate with Outside Directors of the Board, the internal audit division, the Accounting Auditor, the Audit and Supervisory Board Members of the Company's subsidiaries, and others.

(4) Internal audit divisions of the Company and its subsidiaries shall regularly audit the operations of the Company and its subsidiaries.

(5) The Board of Directors of the Company shall supervise the execution of duties by Directors of the Board and Executive Officers, and decide on personnel matters, including appointment and dismissal, the remuneration system and other matters for Directors of the Board and Executive Officers, based on the recommendations of the Personnel Affairs and Remuneration Committee, the majority of members of which are Outside Directors of the Board. Decisions on the amounts of remuneration paid to individual Directors of the Board and Entrusted Executive Officers shall be made by the Personnel Affairs and Remuneration Committee, based on the delegation of authority by the Company's Board of Directors, to ensure the fairness and transparency of these decisions.

(6) The Board of Directors of the Company shall establish the ESG Promotion Committee, which includes outside experts, and promote ESG management with the aim of contributing to the building of a sustainable society.

(7) The Board of Directors of the Company shall establish an appropriate system for the whistleblowing system, shall receive reports on a regular basis, and appropriately oversee the management of the system.

2. System under which information regarding execution of duties by the Directors of the Board and Executive Officers shall be maintained and controlled

Directors of the Board and Executive Officers shall duly maintain and control the following documents (including electronic records; the same shall apply hereinafter) and relevant materials relating to the execution of duties upon condition that Directors of the Board and Audit and Supervisory Board Members may inspect the same whenever necessary.

i) Minutes of the general meeting of shareholders, meetings of the Board of Directors, Management Meetings, and other important meetings;

ii) Important documents by which Directors of the Board and Executive Officers decided the execution of duties (approval documents, etc.); and

iii) Other important documents relating to execution of duties by Directors of the Board and Executive Officers.

3. System regarding control of risk for loss of the Company and its subsidiaries

(1) The Board of Directors shall endeavor to supervise the establishment and effective operation of enterprise risk management systems, including through reports and recommendations by the Risk Management Committee, a consultative body, and reports by the internal audit division. The Risk Management Committee shall summarize and verify the status of implementation of risk management systems, including issues related to internal control associated with the compliance and financial reporting, before reporting on this status to the Board of Directors and providing advice on the establishment and operation of risk management systems.

(2) The Company shall prepare response manuals and make them known to officers and employees with regard to the risk control system to deal with natural disasters or any emergency which may cause the Company incurred material loss and damage.

(3) The Board of Directors of the Company shall establish an Information Security Policy and establish an appropriate information asset management system in order to safely protect and manage information assets and to fulfill the trust of the Group's customers and other stakeholders.

4. System to ensure the efficient execution of duties by the Directors of the Board of the Company or its subsidiaries

(1) Based on the understanding that its main role is establishing management policies, strategies and plans, the Board of Directors shall delegate decision-making on the execution of specific operations to Management Meetings, Directors of the Board and Executive Officers where possible.

(2) The Company shall establish Management Meetings composed of Entrusted Executive Officers to deliberate, make decisions, and share information on certain operation matters.

(3) The Board of Directors of the Company or its subsidiaries, before passing resolutions or collective decision-making, or Management Meetings of the Company shall actively exchange opinions on important matters to ensure appropriate decision-making.

(4) Rules shall be established and implemented for approvals through the collective decision-making system that maintain effective deliberation and swift decision-making functions.

(5) The Company and its subsidiaries shall set forth internal regulations for segregation of duties and thereby define duties and responsibilities.

5. System under which information regarding execution of duties by the Directors of the Board, etc. of the subsidiaries shall be reported to the Company

(1) The Company shall determine the section responsible for the business management of each subsidiary, which manages and supervises its business activities, based on the business segment. The Company shall establish and operate a dual management system where a specialized department with relevant expertise provides assistance and also leads the management of any highly specialized business operations.

(2) Subsidiaries shall report information regarding management status and execution of important duties to the Company as necessary or regularly, through the Directors of the Board or Audit and Supervisory Board Members dispatched from the Company.

(3) Subsidiaries shall report to the Company immediately in an emergency.

6. Matters related to employees who assist duties of Audit and Supervisory Board Members and matters related to the independence of these employees from Directors of the Board

(1) The Company shall set up the Office of Audit and Supervisory Board Members to support the duties of Audit and Supervisory Board Members and allocate several staff members including full-time one(s).

(2) Selection of employees, etc. for Office of Audit and Supervisory Board Members shall be determined upon respecting intention of Audit and Supervisory Board and mutual consultation.

(3) Employees assigned concurrently to the Office of Audit and Supervisory Board Members shall maintain their independence to ensure they are kept outside line of control or orders of their own departments in terms of their duties at the Office of Audit and Supervisory Board Members and personnel treatment of these employees shall respect the opinions of Audit and Supervisory Board Members.

7. System under which Directors of the Board and employees report to Audit and Supervisory Board Members

(1) The Directors of the Board and the Executive Officers shall from time to time report the status of execution of duties at the meeting of the Board of Directors and other important meeting which the Audit and Supervisory Board Members attend.

(2) The Directors of the Board, the Executive Officers and the employees shall immediately report to the Audit and Supervisory Board Members whenever finding any fact which might cause material loss and damage to the Company or its subsidiaries.

(3) The secretariat of the whistleblowing system shall immediately report to the Audit and Supervisory Board Members of the Company whenever receiving any report of the fact which might cause material loss and damage to the Company or its subsidiaries.

(4) Persons who report according to the preceding two paragraphs or whistleblowers shall not be treated disadvantageously due to such report by the Company and its subsidiaries.

(5) Approval documents, minutes of important meetings such as the Board of Directors meetings, audit report prepared by the internal audit division, and other important documents related to audit of Audit and Supervisory Board Members shall be forwarded to Audit and Supervisory Board Members.

8. Matters concerning policies for procedure for the expenses or liabilities incurred for the execution of duties by the Audit and Supervisory Board Members

The Company shall handle promptly when Audit and Supervisory Board Members demand prepayment or reimbursement of the expenses or liabilities incurred for the execution of duties excluding when the expenses or liabilities are proved to be unnecessary for the execution of duties.

9. Other system under which audit by Audit and Supervisory Board Members is ensured to efficiently to be performed

(1) Audit and Supervisory Board Members and the internal audit division shall keep close to each other through exchange of opinions and cooperate with each other so that audit by each body shall be conducted efficiently and effectively.

(2) Audit and Supervisory Board Members and Accounting Auditor shall have meetings regularly and cooperate with each other so that audit duties of each shall be conducted efficiently and effectively.

(ii) The status of the system to ensure the due execution of duties

(1) Initiatives for compliance and risk management

- Officers and employees of the Company and its subsidiaries have received training such as compliance training designed to build compliance awareness, human relations training to enhance knowledge and moral awareness related to human rights issues and improve workplace environments through dialogue, and risk management training aimed at boosting risk responsiveness.
- As whistleblowing systems, the Company has set up the Sekisui House Group Compliance Helpline for officers and employees of the Group and its regular trading partners, the Sekisui House Global Helpline for overseas subsidiaries, and the Sexual and Power Harassment Hotline as a contact point for sexual harassment, power harassment, and other human rights issues. The Legal Department Human Rights and Compliance Promotion Office provides integrated management of these systems and promotes their widespread awareness and utilization.
- During the fiscal year under review, meetings of the Risk Management Committee were convened 11 times to monitor key risks at the Company and its subsidiaries. The Risk Management Committee also engaged in activities such as monitoring the Quality Management Committee and Information Security Committee, established under its umbrella, and reported to the Board of Directors.

(2) Initiatives for ensuring efficient execution of duties

- During the fiscal year under review, Management Meetings were held 12 times. Entrusted Executive Officers participated in these meetings, which were also attended by Outside Directors of the Board and Audit and Supervisory Board Members as observers on a voluntary basis. Executive Officers and others were also requested to attend based on the agenda items discussed. Participants actively exchanged opinions for the purposes of holding prior deliberations on important matters to be submitted to the Board of Directors, making decisions on the execution of certain operation matters based on management policies and strategies, and sharing information on business execution policies and issues.
- The Board of Directors Proposal Standards and the internal approval requirements were revised to promote the delegation of authority for business execution from the Board of Directors.

(3) Initiatives related to the management of Group companies

- The Company resolved on the organizational restructuring of the Sekisui House Construction Group centered on the adoption of an intermediary holding company structure through Sekisui House Construction Holdings, Ltd., a wholly owned subsidiary of the Company. The Company aims to achieve its growth strategy and strengthen governance through greater the delegation of authority to the intermediary holding company and clearer responsibilities.
- The Company convenes regular Sekisui House Group Audit and Supervisory Boards Cooperation Meetings for purposes such as exchanging information and sharing issues between the audit and supervisory board members of the Company's subsidiaries (including members concurrently serving as officers or employees of the Company).

Note:
Amounts in the Business Report are given in the stated units of the presentation by disregarding any amount less than the stated unit of the presentation.

(Reference) Basic Stance for Cross-shareholdings and Overview of Verification

<Basic Stance for Cross-shareholdings>

(i) The Company shall not enter into cross-shareholdings with business partners unless the Company determines that it will be helpful to medium- and long-term increases in the corporate value through the stable maintenance and strengthening of relationships with those business partners. In addition, the Company shall comprehensively verify the economic rationality of transactions with parties of cross-shareholdings, to determine if it will continue these transactions.

(ii) The Company shall analyze the appropriateness of cross-shareholdings at the meeting of the Board of Directors based on the minimum holdings required from a perspective of increasing capital and asset efficiency each year. At the meeting of the Board of Directors, members shall comprehensively analyze the medium- and long-term economic rationality of each individual stock based on holding purposes and risk and return. As a result, the Company shall sell any stock which is no longer meaningful to continue holding after considering the market environment. Even for stocks considered appropriate to hold, the Company may sell all or some shares after considering its capital policies and the market environment.

(iii) An overview of the analysis at the meeting of the Board of Directors regarding cross-shareholding shall be disclosed as appropriate in the reports related to corporate governance.

(iv) If other companies holding the Company stock as cross-shareholdings express an intention to sell such shares, the Company shall not prevent the sale in any way by, for example, insinuating a reduction in their business relationship.

<Overview of the verification with regard to cross-shareholdings>

At the meeting of the Board of Directors held in October 2023, the Company analyzed all listed stocks it holds as cross-shareholding (for 16 different companies, excluding Sekisui House Reit, Inc. and companies to which equity method of accounting is applied) in terms of overall significance of owning them based on the status of shareholding, risk and return (stock price divergence, dividend yields, ROE, credit rating, etc.) and importance of transactions.

Furthermore, from the perspective of increasing capital efficiency, the Company has adopted a policy for the phased reduction of cross-shareholdings, and intends to reduce cross-shareholdings, targeting a ratio of cross-shareholdings to consolidated net assets of 3% or less during the period of the Sixth Mid-Term Management Plan (by January 31, 2026).

The ratio with "*" refers to the ratio of the balance sheet amount of stocks for investment held for purposes other than pure investment (including unlisted stocks), stated in the annual securities report, to consolidated net assets.

Stocks sold during the fiscal year ended January 31, 2024

Of the 16 companies examined, the Company sold all shares of two companies and a portion of shares of five companies.

The ratio of cross-shareholdings to consolidated net assets for the fiscal year ended January 31, 2024

The ratio at the end of the fiscal year under review was 4.3%.

(Reference) Evaluation of Effectiveness of the Board of Directors

<Overview of evaluation results for the fiscal year ended January 31, 2024>

1. Evaluation method

As in the fiscal year ended January 31, 2023, the Company hired a third-party independent evaluation company to implement an evaluation for the fiscal year ended January 31, 2024 using the method described below.

(1) Questionnaire-based survey of all Directors of the Board and Audit and Supervisory Board Members (the questionnaire was prepared, distributed, and collected by the third-party organization)

(2) Interviews of all Directors of the Board and Audit and Supervisory Board Members, carried out by the third-party organization (approximately one hour interview per interviewee)

(3) Examination of the materials and minutes of meetings of the Board of Directors

Major questionnaire items

• Overall evaluation of the Board of Directors
• Composition of the Board of Directors
• Preparations for the meetings of the Board of Directors
• Management of the meetings of the Board of Directors
• Debate in the meetings of the Board of Directors
• Personnel Affairs and Remuneration Committee
• Supervision of business execution
• Importance of agenda items and the sufficiency of discussion

The third-party organization implemented an evaluation and compiled the results into a report. At a meeting of the Board of Directors held in February 2024, the content of the report was explained by the evaluation company and discussed among the attendees of the meeting.

2. Outline of the evaluation

(1) Conclusion

The Board of Directors evaluated and confirmed that a high level of effectiveness has been achieved by the Board of Directors. Moreover, it confirmed that progress had been generally made on the issues indicated in the evaluation of effectiveness of the Board of Directors in the previous fiscal year.

	Issues for the Fiscal Year Ended January 31, 2024	Initiatives / Issues Confirmed Through the Board of Directors Evaluation	Progress
1	Discussion of strategy from a Group-wide perspective	・ Deliberations were more specific, concrete, and sufficient than in the previous fiscal year, and significant progress was confirmed toward even fuller discussions from a Group-wide perspective. Main initiatives: ・ To strengthen the CFO function, repeated discussions were held regarding the Company's image of the ideal candidate, and external talent was recruited. Construction commenced on a framework to facilitate discussion on more sophisticated finance strategy in the future. Opportunities for the discussion of Group-wide finance strategy also increased through a rise in the number of overseas investment projects. ・ The names of candidates were raised at meetings of the Personnel Affairs and Remuneration Committee and constructive discussions were held through the frank exchange of opinions. ・ Further discussions regarding finance strategy, including the equity domain, are expected. ・ Fuller discussions regarding DX, IT, and security are expected, taking the return on investment into account.	Improving
2	Supervision of execution concerning risk management and group governance	・ Several specific actions were observed based on the issues highlighted in the previous fiscal year, and progress was confirmed. Main initiatives: ・ Group-level systems were established to integrate a series of processes from the preparation of risk maps for each company within the Group and their share at meetings of the Risk Management Committee, to the quantitative and qualitative analysis of the risk levels of each company. The framework was put in place to supervise the coverage and implementation of measures within the Group companies. ・ To strengthen group governance, a framework was established for the appropriate reporting of progress while also facilitating discussions extending to matters such as officer remuneration targets. ・ Opportunities for reporting by the internal audit division were increased from once to twice per year through a stronger three-pillar audit system. It is expected that in the future, this reporting structure will enable the scrutinization and discussion of matters reported to the Board of Directors from a Group-wide perspective. ・ Looking ahead, more extensive initiatives are expected to enable the enhancement of governance-related human resources suited to the group governance structure, especially at overseas subsidiaries.	Improving
3	Advance the "moderate separation of supervision and execution"	・ Tangible progress was confirmed, with even greater clarity than in the previous fiscal year regarding the separation of roles between the Board of Directors and the Management Meeting. Main initiatives: ・ The Management Meeting was utilized more effectively than in the previous fiscal year, the roles of each meeting body (the Management Meeting and the Board of Directors) were clearly understood by all, and discussions were based on these roles. ・ Reviews of the criteria and threshold (e.g. the amount for approval) for the delegation of authority and the Board of Directors Proposal Standards were carried out in a timely manner and the supervisory and executive functions were better visualized and clearly separated than in the previous fiscal year. ・ The appropriate review of the Board of Directors Proposal Standards is expected.	Improving

(2) Strengths supporting the effectiveness of the Board of Directors

Based on the evaluation made by the third-party organization, the Board of Directors confirmed that its effectiveness was supported by the "strengths" shown in items 1 to 3 below.

	Strengths	Details of Strengths (Observations by the Third-party Organization)
1	Strong commitment of the executive team to improving governance	・The executive team has a firm commitment to making Sekisui House even more sound. ・They have a strong commitment to solving issues by facing up to them raised and fully resolving all of them.
2	Commitment of Independent Outside Directors of the Board	・Outside Directors of the Board have fulfilled their time commitments by dedicating their time to actively participating in both formal and informal events, seeking new discoveries.
3	Commitment of the Board of Directors Office	・Careful and prompt preparations and response have been conducted by the Board of Directors Office to support the relationship of mutual trust with the Board of Directors. ・The officer demonstrates leadership to enable above response.

(3) Issues for the further enhancement of effectiveness

Based on the findings and proposals made by the third-party organization, the Board of Directors confirmed that the items shown below are the issues and initiatives for consideration in the fiscal year ending January 31, 2025.

	Issues for the Fiscal Year Ending January 31, 2025	Details of Issues (Observations by the Third-party Organization)	Initiatives for Consideration
1	Even fuller strategic discussions	・Even fuller strategic discussions on the Group and global business are expected, as well as the expansion of human resources responsible for governance and business growth strategy at the Group companies in Japan and overseas. ・Steps are being taken to address finance strategy, but full-scale discussions are still to come. ・Evaluation respondents themselves have noted the insufficiency of discussions on DX, IT, and security.	・To strengthen the Group and global governance. ・To discuss finance strategy in terms of both debt and equity funding (including the monitoring of return on investment). ・To expand discussions on DX, IT, and security
2	Even stronger function for the Board of Directors Office	・Where some differences in the layout and format of materials are acceptable between different departments, there is an awareness of the issue of discrepancies in the format of executive summaries and agenda items requiring approval. ・It is hoped that the Board of Directors Office will more actively provide feedback to the departments submitting agenda items, aimed at improving the quality of materials submitted.	・To take steps such as the standardization of some formats and the formulation of guidelines for the preparation of materials. ・To provide stronger feedback from the Board of Directors Office to each department.

(Reference) Evaluation of Effectiveness of the Audit and Supervisory Board

Starting from the fiscal year ended January 31, 2024, the Audit and Supervisory Board has implemented an evaluation of the effectiveness of the Board and its auditing activities for the purpose of improving audit quality and the operation of the Board.

1. Evaluation method

The Company hired a third-party organization to implement an evaluation for the fiscal year ended January 31, 2024 using the method described below.

(1) Questionnaire-based survey of all Audit and Supervisory Board Members (the questionnaire was prepared, distributed, and collected by the third-party organization)

(2) Interviews of all Audit and Supervisory Board Members, General Manager of the Auditing Department, and the Accounting Auditor, carried out by the third-party organization (approximately one hour interview per interviewee)

(3) Examination of the materials and minutes of meetings of the Audit and Supervisory Board

Major questionnaire items

- Audit policy and plans
- Recommendations for senior management and audits of the execution of duties
- Internal audit system
- Auditing systems at subsidiaries
- Fraud detection system
- Accounting audit system
- Cooperation through the three-pillar audit system
- Audits of the establishment and operation of the internal control system
- Operation of the Audit and Supervisory Board, etc.

The third-party organization implemented an evaluation and compiled the results into a report. The Audit and Supervisory Board was briefed on the content of the report by the third-party organization and deliberated on this content at a meeting held in February 2024.

2. Outline of the evaluation

(1) Conclusion

The Audit and Supervisory Board confirmed that a high level of effectiveness has been ensured for the auditing activities of the Audit and Supervisory Board and Audit and Supervisory Board Members, based on analysis of the results of the questionnaire and interviews and the recommendations of the third-party organization.

Moreover, the Audit and Supervisory Board confirmed that progress had been generally made not only on its normal auditing activities but also on initiatives related to key matters determined in the previous fiscal year.

	Initiatives for the Fiscal Year Ended January 31, 2024	Content of Initiatives and Issues
1	Confirmation of the establishment and operating status of internal control systems in the Group	・Progress was seen in specific, individual initiatives. Main initiatives: ・Audit and Supervisory Board Members attended meetings of the Risk Management Committee, Personnel Affairs and Remuneration Committee, and other bodies, and shared the content of deliberation at Audit and Supervisory Board meetings. ・In addition to confirming the establishment of Group-wide whistleblowing systems, the Audit and Supervisory Board confirmed their monthly status of operation, beginning in August. ・The Audit and Supervisory Board confirmed the appointment process for audit and supervisory board members of subsidiaries and enhanced the Group Audit and Supervisory Board Members Cooperation Meetings composed of the Company's Audit and Supervisory Board Members and the audit and supervisory board members of subsidiaries.
2	Strengthening of the three-pillar audit system	・Improvements were seen in efforts to increase the frequency of cooperation and enhance communication between Audit and Supervisory Board Members, the internal audit divisions, and the Accounting Auditor through initiatives such as the regular convening of the Three-pillar Audit System Cooperation Meetings, a forum attended by all three of these auditing bodies. Main initiatives: ・Three-pillar Audit System Cooperation Meetings were convened four times. ・Audit and Supervisory Board Members received monthly internal audit reports, as well as regular internal audit reports from the Company's major subsidiaries. ・Audit and Supervisory Board Members implemented audits of U.S. subsidiaries together with the Accounting Auditor. ・Looking ahead, it is expected that the content shared at the Three-pillar Audit System Cooperation Meetings will be effectively utilized by each auditing body to further enhance its respective auditing activities.
3	Confirmation of the establishment and operating status of systems related to information security	・Progress was seen in specific, individual initiatives. Main initiatives: ・The Standing Audit and Supervisory Board Members attended meetings of the Information Security Committee and made timely reports to the Audit and Supervisory Board. ・The Audit and Supervisory Board conducted regular interviews with the Chairperson of the Information Security Committee and the departments in charge of information security. ・The Audit and Supervisory Board Members confirmed the establishment and operating status of IT security systems when conducting on-site audits of operating bases and Group companies in Japan and overseas. ・Looking ahead, further strengthening of information security, including within the supply chains, and the further enhancement of systems for implementation and operation are expected.

(2) Strengths supporting the effectiveness of the Audit and Supervisory Board

Based on the evaluation made by the third-party organization, the Audit and Supervisory Board confirmed that its effectiveness was supported by the "strengths" shown below.

	Strengths	Details of Strengths (Based on the Evaluation by the Third-party Organization)
1	Exchange of opinions with senior management	・The frank exchange of opinions takes place between senior management and the Audit and Supervisory Board, built on relationships of trust. Candid recommendations by Audit and Supervisory Board Members promote the earnest resolution of issues by senior management. ・All Audit and Supervisory Board Members are able to actively participate in events, both formal an informal, and have many opportunities to learn about the Company's situation.
2	Mutual information sharing between Audit and Supervisory Board Members and swift response	・One of the Outside Audit and Supervisory Board Members serves as the standing Chairperson of the Audit and Supervisory Board, actively reflecting the perspectives and insight of Outside Audit and Supervisory Board Members in the operation of the Audit and Supervisory Board and audit activities by Audit and Supervisory Board Members. ・Outside Audit and Supervisory Board Members make proposals for improving the nature of the Audit and Supervisory Board and other matters, including at forums outside meetings of the Audit and Supervisory Board. ・Relationships of mutual trust between Audit and Supervisory Board Members are supported by the swift response to resolutions of the Audit and Supervisory Board. ・The Standing Audit and Supervisory Board Members meticulously report auditing activities to the Audit and Supervisory Board, alleviating the information disparity with Outside Audit and Supervisory Board Members.
3	Cooperation with the internal audit divisions and the Accounting Auditor	・The Audit and Supervisory Board, the internal audit divisions, and the Accounting Auditor actively engage in mutual information disclosure at regular Three-pillar Audit System Cooperation Meetings. Their free and vigorous discussions facilitate a more rapid response to issues. ・This response is made possible by the leadership demonstrated by the Audit and Supervisory Board Members.

(3) Issues for the further enhancement of effectiveness

Based on the issues for consideration to further improve effectiveness indicated by the third-party organization, the Audit and Supervisory Board confirmed that the items shown below are key issues for consideration going forward.

	Issues for the Fiscal Year Ending January 31, 2025	Details of Issues	Initiatives for Consideration
1	Stronger Group-wide audit system	・Internal audit functions are currently being implemented and strengthened to address the business scale and risks of Group companies in Japan and overseas. Based on these measures, it is important for the Audit and Supervisory Board Members to engage in more comprehensive status confirmation to achieve further improvements in the establishment and operating status of the audit system and internal control system at each company. ・The Overseas Business, especially, is still in the process of enhancing the governance structure and constructing and strengthening the internal audit system to meet the speed of business expansion. The internal audit divisions must enhance their audits through measures such as the analysis and visualization of risks, and it is important for the Audit and Supervisory Board Members to support these strengthening and enhancement measures.	・To cooperate with the internal audit divisions to evaluate the completeness of the audit function at each subsidiary, with the Audit and Supervisory Board Members confirming the status of strengthening the Group-wide audit system ・To cooperate with the internal audit divisions to support the analysis and visualization of audit risks, with the Audit and Supervisory Board supporting stronger internal audit systems suited to the actual conditions at each overseas subsidiary
2	Stronger cooperation with Outside Directors of the Board	・While there is some cooperation between the Audit and Supervisory Board and Outside Directors of the Board, discussions focus on agenda items for meetings of the Board of Directors, and there is a need for more discussion from a broad, Group-wide perspective.	・To exchange opinions regarding Group-wide topics, not limited to agenda items for meetings of the Board of Directors. Audit and Supervisory Board Members should strengthen initiatives to expedite and improve the sharing of issues through deeper cooperation with Outside Directors of the Board

The Consolidated Financial Statements for the 73rd Fiscal Year

CONSOLIDATED BALANCE SHEETS

As of January 31, 2024

Millions of yen

Assets	**3,352,798**	**Liabilities**	**1,558,745**
Current assets	**2,496,947**	**Current liabilities**	**1,138,038**
Cash and deposits	293,152	Notes payable, accounts payable for construction contracts	134,026
Notes receivable, accounts receivable from completed construction contracts and others	176,466	Electronically recorded obligations-operating	103,266
Costs on uncompleted construction contracts	17,351	Short-term loans payable	440,075
Buildings for sale	774,297	Current portion of bonds payable	16
Land for sale in lots	856,404	Current portion of long-term loans payable	21,611
Undeveloped land for sale	233,197	Income taxes payable	39,777
Other inventories	12,474	Advances received on uncompleted construction contracts	210,030
Other	134,627	Provision for bonuses	36,699
Allowance for doubtful accounts	(1,026)	Provision for directors' bonuses	2,553
		Provision for warranties for completed construction	6,152
		Other	143,827
Noncurrent assets	**855,851**	**Noncurrent liabilities**	**420,707**
Property, plant and equipment	**496,253**	Bonds payable	50,008
Buildings and structures	155,480	Long-term loans payable	239,089
Machinery, equipment and vehicles	9,664	Long-term lease and guarantee deposited	58,659
Tools, furniture and fixtures	9,371	Deferred tax liabilities	6,111
Land	252,548	Provision for directors' retirement benefits	707
Lease assets	17,015	Net defined benefit liability	30,716
Construction in progress	52,173	Other	35,415
Intangible assets	**40,388**	**Net assets**	**1,794,052**
Goodwill	17,808	**Shareholders' equity**	**1,554,276**
Industrial property	3,032	**Capital stock**	**202,854**
Leasehold right	2,057	**Capital surplus**	**260,126**
Software	15,779	**Retained earnings**	**1,132,275**
Right of using facilities	145	**Treasury stock**	**(40,979)**
Telephone subscription right	238	**Accumulated other comprehensive income**	**200,309**
Other	1,326	**Valuation difference on available-for-sale securities**	**44,597**
Investments and other assets	**319,208**		
Investment securities	198,437	**Foreign currency translation adjustment**	**132,895**
Long-term loans receivable	3,971	**Remeasurements of defined benefit plans**	**22,816**
Net defined benefit asset	35,440	**Stock acquisition rights**	**100**
Deferred tax assets	20,242		
Other	62,989	**Non-controlling interests**	**39,366**
Allowance for doubtful accounts	(1,872)		
Total assets	**3,352,798**	**Total liabilities and net assets**	**3,352,798**

CONSOLIDATED STATEMENTS OF INCOME	
From February 1, 2023 to January 31, 2024	
Millions of yen	
Net sales	**3,107,242**
Cost of sales	**2,483,496**
Gross profit	**623,745**
Selling, general and administrative expenses	**352,789**
Operating income	**270,956**
Non-operating income	**15,618**
Interest and dividends income	5,139
Share of profit of entities accounted for using equity method	1,900
Other	8,578
Non-operating expenses	**18,325**
Interest expenses	12,371
Other	5,954
Ordinary income	**268,248**
Extraordinary income	**26,666**
Gain on sales of shares of subsidiaries and associates	10,519
Gain on liquidation of subsidiaries and associates	9,778
Gain on sales of investment securities	5,735
Reversal of allowance for doubtful accounts	632
Extraordinary loss	**5,956**
Loss on business liquidation	4,023
Loss on sales or disposal of fixed assets	1,398
Loss on impairment of fixed assets	484
Loss on sale of shares of subsidiaries and associates	41
Loss on valuation of investment securities	8
Income before income taxes	**288,958**
Total income taxes	**81,433**
Income taxes-current	79,648
Income taxes-deferred	1,784
Net income	**207,525**
Net income attributable to non-controlling interests	5,199
Net income attributable to owners of parent	**202,325**

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS					
From February 1, 2023 to January 31, 2024					
Millions of yen					
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of current period	202,591	259,864	1,056,475	(50,656)	1,468,274
Changes of items during the period					
Issuance of new shares	263	263	–	–	526
Dividends from surplus	–	–	(76,864)	–	(76,864)
Net income attributable to owners of parent	–	–	202,325	–	202,325
Purchase of treasury stock	–	–	–	(40,018)	(40,018)
Disposal of treasury stock	–	–	(41)	75	34
Cancellation of treasury stock	–	–	(49,619)	49,619	–
Purchase of shares of consolidated subsidiaries	–	(1)	–	–	(1)
Net changes of items other than shareholders' equity	–	–	–	–	–
Total changes of items during the period	263	261	75,799	9,676	86,002
Balance at the end of current period	202,854	260,126	1,132,275	(40,979)	1,554,276

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	40,449	623	99,689	23,793	164,556	134	34,581	1,667,546
Changes of items during the period								
Issuance of new shares	–	–	–	–	–	–	–	526
Dividends from surplus	–	–	–	–	–	–	–	(76,864)
Net income attributable to owners of parent	–	–	–	–	–	–	–	202,325
Purchase of treasury stock	–	–	–	–	–	–	–	(40,018)
Disposal of treasury stock	–	–	–	–	–	–	–	34
Cancellation of treasury stock	–	–	–	–	–	–	–	–
Purchase of shares of consolidated subsidiaries	–	–	–	–	–	–	–	(1)
Net changes of items other than shareholders' equity	4,148	(623)	33,205	(977)	35,753	(33)	4,784	40,504
Total changes of items during the period	4,148	(623)	33,205	(977)	35,753	(33)	4,784	126,506
Balance at the end of current period	44,597	–	132,895	22,816	200,309	100	39,366	1,794,052

Note:
Amounts of the Consolidated Statements of Changes in Net Assets are given in the stated unit of the presentation, by disregarding any amount less than the stated unit of the presentation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Notes to Significant Matters which are Basis for Preparation of Consolidated Financial Statements

(1) Scope of consolidation

(i) Status of consolidated subsidiaries

- The consolidated subsidiaries: 342, including Sekisui House Real Estate Tohoku, Ltd., Sekisui House Real Estate Tokyo, Ltd., Sekisui House Real Estate Chubu, Ltd., Sekisui House Real Estate Kansai, Ltd., Sekisui House Real Estate Chugoku & Shikoku, Ltd., Sekisui House Real Estate Kyushu, Ltd. and other companies.
- Changes in scope of consolidation:
  24 companies were newly added due to establishment or acquisition, while 27 companies were excluded due to merger or liquidation.

(ii) Status of non-consolidated subsidiaries

- The names of major non-consolidated subsidiaries: Otori Insurance Service Co., Ltd. and 6 other subsidiaries
- The reason for not consolidating these subsidiaries:
  As the non-consolidated subsidiaries are small in sizes and their total assets, net sales, profit and loss (the equity portion) and retained earnings (the equity portion), etc. do not have a significant impact on the Consolidated Financial Statements, they are excluded from the scope of consolidation.

(2) Application of equity method

(i) The non-consolidated subsidiaries and affiliates to which the equity method is applied

- The affiliates to which the equity method is applied: 37, including Almetax Manufacturing Co., Ltd., JPF Co., Ltd. and other companies.
- Changes in scope of equity method:
  2 companies were added due to application of the equity method to investments, etc. In addition, 5 company were excluded due to sale or other reason.

(ii) Status of the non-consolidated subsidiaries and affiliates to which the equity method is not applied

- The name of major companies, etc.: Otori Insurance Service Co., Ltd. and 7 other subsidiaries
- The reason for not applying the equity method:
  As profit and loss (the equity portion), retained earnings (the equity portion), etc. of the non-consolidated subsidiaries and affiliates do not have a significant impact on the Consolidated Financial Statements, they are not applied and excluded from the scope of equity method.

(iii) Status of non-affiliates of which the Company holds at least 20% and up to 50% of the voting rights on its own account

The name of these companies, etc.: Shiei community service co., ltd. and two other companies.
The reason for not regarding these companies as affiliates:
As the above companies have no material impact to the Company despite the Company's indirect possession of at least 20% and up to 50% of voting rights, they are excluded from the scope of affiliates.

(3) Term-ends of consolidated subsidiaries

For 3 consolidated subsidiaries whose fiscal year ends on March 31, the Company performs tentative annual closing as of January 31 and uses their financial statements to prepare the Consolidated Financial Statements.
For 3 consolidated subsidiaries whose fiscal year ends on March 31, the Company performs tentative annual closing as of December 31, uses their financial statements, and implements the necessary adjustments for material transactions before the consolidated fiscal year-end to prepare the Consolidated Financial Statements.
For 4 consolidated subsidiaries whose fiscal year ends on November 30 and 303 consolidated subsidiaries whose fiscal year ends on December 31, the Company uses their financial statements as of their respective fiscal year-end and implements the necessary adjustments for material transactions before the consolidated fiscal year-end to prepare the Consolidated Financial Statements.

(4) Summary of significant accounting standards

(i) Basis and method of valuation of significant assets

a. Short-term investment securities:

(a) Debt securities expected to be held to maturity:
Amortized cost (straight-line) method

(b) Other short-term investment securities:

- Securities apart from shares, etc. without market prices:
  Market value method
  (Valuation gains and losses resulting are calculated by the full net asset costing method; cost of disposal is calculated by the moving average method)
- Shares, etc. without market prices:
  At cost based on the moving average method

b. Derivatives: Market value method

c. Inventories:

(a) Costs on uncompleted construction contracts, buildings for sale, land for sale in lots, and undeveloped land for sale:
At cost based on individual cost method (The book value is written down to the net realizable value in cases where there has been a material decline in value)

(b) Other inventories:
At cost based on moving average method (The book value is written down to the net realizable value in cases where there has been a material decline in value)

(ii) Depreciation and amortization methods used for main depreciable and amortizable assets

Property, plant and equipment (excluding lease assets):

The Company applies the straight-line method to buildings (excluding attached structures) and facilities attached to buildings and structures acquired on and after April 1, 2016, and applies the declining-balance method for other property, plant and equipment.

Intangible assets (excluding lease assets):

The Company applies the straight-line method to intangible assets.

Lease assets:

With respect to leased assets for finance lease transactions other than those involving a transfer of ownership, the Company applies the straight-line method to such finance leases, where the useful lives of the assets are the terms of leases and the residual values of the assets are deemed zero.

(iii) Basis for accounting for significant allowances

Allowance for doubtful accounts:

To provide for losses on doubtful accounts, the Company makes provisions for general debtors based on actual historical collection rates and for specific debtors where collection is doubtful based on estimates of the amount collectible.

Provision for bonuses:

To prepare for bonus payments to employees, the Company provides for the estimated appropriate amount in the consolidated fiscal year.

Provision for directors' bonuses:

To prepare for bonus payments to Directors of the Board, the Company provides for the estimated amount.

Provision for warranties for completed construction:

Provisions for losses and guarantee expenses due to post-completion defects are recorded based on historical repair and other costs arising from completed structures and detached housing.

Provision for directors' retirement benefits:

To allow for retirement payments to Directors of the Board and Audit and Supervisory Board Members, the Company provides the required amounts at the end of the current term based on internal regulations.

(iv) Method of accounting for retirement benefit obligations

a. Method for reflecting the expected retirement benefit in the period:
In conjunction with the calculation of retirement benefit obligations, benefit formula attribution is adopted as the method for reflecting the expected retirement benefit in the period up until the end of the fiscal year under review.

b. Method of accounting for actuarial calculation differences and past service obligations:
In conjunction with actuarial calculation differences, pro rata amounts calculated from the 5-year to 14-year fixed amount method are to be reflected as expenses in the year following the consolidated fiscal year in which such expenses are accrued. As for past service obligations, pro rata amounts calculated from the 5-year to 13-year fixed amount method are to be reflected as expenses in the consolidated fiscal year in which such expenses are accrued.

(v) Basis for accounting for significant income and expenses

a. Revenue from contracts with customers

The content of the main performance obligations and the time when these performance obligations are usually satisfied (the usual timing of revenue recognition) for the major businesses that generate revenue from contracts with customers of the Company and its consolidated subsidiaries are shown below.

(a) Build-to-order transactions:

For build-to-order transactions, the Company concludes construction contracts with customers. The Company's performance obligations based on these contracts include undertaking construction and delivering the completed buildings or other works to the customer. The Company considers that these performance obligations are satisfied over time, and recognizes revenue under these contracts based on the degree of progress towards satisfying these performance obligations. The input method is used to estimate the degree of progress, where the actual costs incurred are measured as a proportion of the total construction costs.

For construction contracts, etc. where the construction period is extremely short, the Company applies an alternative treatment whereby revenue is recognized when performance obligations have been fully satisfied.

(b) Real estate sales transactions

For real estate sales transactions, the Company concludes sales contracts with customers. The Company's performance obligations based on these contracts include delivering the property to the customer. The Company considers that these performance obligations are satisfied at the point in time when the property is delivered to the customer, and recognizes revenue under these contracts when the property is delivered to the customer.

b. Other revenue

For real estate lease transactions, the Company recognizes revenue over the term of the lease, based on "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13).

(vi) Method and period for amortization of goodwill

Goodwill is amortized over the estimated useful life based on a substantive analysis by the Company or over 5 years using the straight-line method beginning in the consolidated fiscal year in which it arises. Minor amounts are charged to income as they accrue.

(vii) Main hedge accounting methods

a. Hedge accounting methods:

The Company accounts for hedging activities under deferral hedge accounting. Furiate-shori (accounting method in which the current and forward rate difference is allocated by period length for the calculating at the accounting period) is applied to forward foreign exchange contracts which conform to the requirements of such hedge accounting.

b. Hedging instruments and targets:

The Company hedges foreign currency cash debts and forward transactions with exchange contracts.

The Company hedges loans with interest-rate swap.

c. Hedging policies:

The Company uses derivatives transactions with the aim of avoiding losses from fluctuations in exchange and interest rates. The use of exchange contracts does not exceed the amount of foreign currency transactions. The assumed principal balance subject to interest-swap transactions does not exceed the relevant interest bearing debts outstanding.

d. Method of assessing hedge effectiveness:

The Company assesses if the percentage changes of hedge targets and hedge instruments approximately range from 80% to 125%, where hedging transactions are considered to be effective, while it does not assess the effectiveness of hedging where the main condition match with regard to the relevant transactions and hedge targets, and where the cash flow is fixed.

(viii) Accounting for consumption taxes

Consumption taxes not subject to noncurrent asset related deductions at consolidated subsidiaries whose main business is real estate for leasing are recorded in "Other" under the "Investments and other assets" on the relevant balance sheets and are amortized on a straight-line basis over 5 years. Other consumption taxes not subject to deductions are expensed in the consolidated accounting period in which they arise.

(ix) Basis for converting significant foreign currency-denominated assets and liabilities into yen
For foreign currency-denominated monetary claims and debts, the Company converts into yen at the rates of exchange prevailing on the consolidated fiscal year-end. Translation differences are included in the statements of income. Assets and liabilities of overseas subsidiaries are converted into yen at the rates of exchange prevailing on the balance sheet date of the overseas subsidiaries, and the income and expenses of overseas subsidiaries are converted into yen at average exchange rates during the fiscal year under review. Exchange differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

(x) Inclusion of interest paid in acquisition cost
In conformity with the accounting standards of relevant countries, overseas consolidated subsidiaries include interest paid with regard to borrowed funds for the real estate development business in acquisition cost. At the end of period, interest expenses of ¥24,967 million, ¥17,123 million and ¥494 million are included in "Buildings for sale," "Land for sale in lots" and "Undeveloped land for sale," respectively.

2. Notes to Changes in Accounting Policies

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, Accounting Standards Board of Japan), from the beginning of the fiscal year under review. The Company has prospectively applied new accounting policies based on the Implementation Guidance on Accounting Standard for Fair Value Measurement, in accordance with the transitional measurement in Article 27-2 of Implementation Guidance Accounting Standard for Fair Value Measurement. There is no impact on the consolidated financial statements.

3. Notes to Accounting Estimates

(1) Valuation of real estate for sale

(i) Amount recorded in the consolidated financial statements for the fiscal year under review.

Millions of yen

	Amount
Buildings for sale	774,297
Land for sale in lots	856,404
Undeveloped land for sale	233,197
Amount of loss on valuation (Cost of sales)	4,231

(ii) Information on the nature of significant accounting estimates for identified items

a. Method of calculation of the amount recorded in the consolidated financial statements for the fiscal year under review
For real estate for sale, if the net selling price at the end of the fiscal year is less than the book value, the book value is reduced to the net selling price and the reduction is recognized as a valuation loss. The net selling price is estimated based on the selling price of each individual property, future business plans, etc.

b. Key assumptions
Key assumptions used in the calculation of the net selling price are future earnings and construction costs. These figures for the business plan are estimated based on the location, size, and merchantability of the property, transactions of similar properties, real estate market conditions, etc.

c. Effect on the consolidated financial statements for the next fiscal year ending January 31, 2025
If there are unexpected events such as deterioration in the economic environment and market conditions and any subsequent changes in key assumptions in the next fiscal year, the Group could report additional valuation losses.

(2) Valuation of noncurrent assets

(i) Amount recorded in the consolidated financial statements for the fiscal year under review.

Millions of yen

	Amount
Total property, plant and equipment	496,253
Total intangible assets	40,388
Impairment loss	484

(ii) Information on the nature of significant accounting estimates for identified items

a. Method of calculation of the amount recorded in the consolidated financial statements for the fiscal year under review

Real estate assets for investments are grouped by project, while other assets are grouped by operating unit, which allow the Group to manage gains and losses in a rational manner. Impairment is assessed for assets or groups of assets that show indications of impairment such as incurring consecutive operating losses or negative cash flows, a significant decline in market prices, or a change in use. When it is determined that an impairment loss should be recognized, the book value of the asset is reduced to its recoverable amount and the amount of the reduction is recognized as an impairment loss. The recoverable amount is the higher of the net selling price or the value in use. The net selling price for major real estate for investments is calculated by subtracting the estimated disposal cost from the appraised value obtained from a real estate appraiser. The net selling price of other assets is calculated by subtracting the estimated disposal cost from the appraised value calculated in accordance with the Real Estate Appraisal Standard or similar methods. The value in use is calculated by discounting the estimated future cash flows to the present value.

b. Key assumptions

Key assumptions used in estimating future cash flows and calculating recoverable amounts are rent, average daily rate (ADR), vacancy rate, occupancy rate, discount rate, and cap rate. Among them, rent, ADR, vacancy and occupancy rates are determined by comprehensively taking into account market trends, transactions of similar properties, past performance, etc. The discount rate is determined based on similar transactions, interest rate trends, etc. Cap rates for major real estate for investments are obtained from real estate appraisers.

c. Effect on the consolidated financial statements for the next fiscal year ending January 31, 2025

If there are any changes in key assumptions in the next fiscal year led by unexpected events such as deterioration in the economic environment and market conditions, the Group could report additional impairment losses.

4. Notes to the Consolidated Balance Sheets

(1) Collateralized assets and secured liabilities:

Millions of yen

Collateralized assets		Secured liabilities	
Type	Book value at the end of year	Details	Balance at the end of year
Investment securities Long-term loans receivable Others (Short-term loans receivable)	346	Liabilities of the subsidiary	—
Buildings for sale and land for sale in lots	48,436	Borrowing from financial institutions	19,246
		Deposits on contract with establishment of leasehold	22
Land	5,043	Borrowing from financial institutions	11,163
Buildings and structures	1,488	Deposits on contract with establishment of leasehold	613
		Long-term lease and guarantee deposited	180
Total	55,314	Total	31,226

Note: In addition to those stated above, the Company deposited cash of ¥8,639 million in accordance with Act on Assurance of Performance of Specified Housing Defect Warranty and the like.

(2) Accumulated depreciation of property, plant and equipment ¥267,916 million

(3) Liabilities guaranteed:

(i) Liabilities guaranteed for repayment (for persons to have housing mortgage) ¥132,925 million

(ii) Liabilities guaranteed for repayment (for affiliated companies to borrow from the financial institutions) ¥45,211 million

(iii) Guarantees for the repayment of deposits on condominium sales contracts by business partners ¥95 million

(Additional information)

Changes in holding purpose of assets:

Real estate for sale of ¥2,921 million, that appeared under inventories as at the end of the previous consolidated fiscal year, has been reclassified under noncurrent assets. In addition, real estate for investments of ¥114,865 million, that appeared under noncurrent assets as at the end of the previous consolidated fiscal year, has been reclassified under inventories.

5. Notes to the Consolidated Statements of Income

Loss on business liquidation

Losses estimated to be incurred related to termination of transport system Sky Rail (Hiroshima City) operated by the Company's consolidate subsidiary Sky Rail Service Co., Ltd. have been recorded.

6. Notes to the Consolidated Statements of Changes in Net Assets

(1) Type and total number of shares issued at the end of the fiscal year under review:

Common shares 662,862,666 shares

(2) Matters related to dividends:

(i) Dividends paid to shareholders:

a. Matters related to the dividends paid pursuant to the resolution of the 72nd Ordinary General Meeting of Shareholders held on April 25, 2023:

Total amount of dividends:	¥38,413 million
Dividends per share:	¥58.00
Record date:	Jan. 31, 2023
Effective date:	Apr. 26, 2023

b. Matters related to the dividends (interim dividends) paid pursuant to the resolution of the meeting of the Board of Directors held on September 7, 2023:

Total amount of dividends:	¥38,451 million
Dividends per share:	¥59.00
Record date:	Jul. 31, 2023
Effective date:	Sep. 29, 2023

(ii) Dividends whose record date belongs to the fiscal year under review but whose effective date belongs to the next fiscal year:

The following proposal for dividends will be submitted to the 73rd Ordinary General Meeting of Shareholders to be held on April 25, 2024:

Total amount of dividends:	¥41,479 million
Source of funds for dividends:	Retained earnings
Dividends per share:	¥64.00
Record date:	Jan. 31, 2024
Effective date:	Apr. 26, 2024

(3) Type and number of shares to be issued if all stock acquisition rights are exercised at the end of the fiscal year under review:

Common shares 86,000 shares

7. Notes to Financial Instrument

(1) Matters related to the state of financial instruments

(i) Policy with regard to financial instruments activities:

The Company and its consolidated subsidiaries (the Group) limit fund management to highly safe financial assets, and use indirect financing of borrowing from the financial institutions and direct financing of issuing bonds. With regard to derivative transactions, the Group does not engage in speculative transactions.

(ii) Contents and risks of financial instruments:

Notes receivable, accounts receivable from completed construction contracts and the like are exposed to the customers' credit risk.

Short-term and long-term investment securities, primarily stock and investments in SPC and partnerships, are exposed to the risk associated with issuing entities' credit and market value fluctuations.

Notes payable, electronically recorded obligations-operating, accounts payable for construction contracts and the like are due within one year.

The Group uses borrowed money and bond issues to finance operations and capital investment. Loans payable, which are mainly financed with variable interest rates, are exposed to the risk associated with interest rate fluctuations.

With regard to derivative transactions, the Group uses forward foreign exchange contracts and currency swap with aim of hedging the risk associated with foreign currency-denominated monetary claims and debts of export and import transactions, and investment and lending for overseas subsidiaries. With regard to hedge instruments, targets, policies and methods of assessing hedge effectiveness, see *1. Notes to Significant Matters which are Basis for Preparation of Consolidated Financial Statements, (4) Summary of significant accounting standards, (vii) Main hedge accounting methods* above.

(iii) Content of financial risk management systems:

a. Management of credit risk (counterparties' default risk)
The Accounting Department and the Finance Department of the Company, responsible divisions of each subsidiary and management division of each branch manage settlement date and amount due for each counterparty to monitor condition of debt collection to mitigate and grasp the default possibilities because of deterioration of financial condition.
The Group executes and manages derivative transactions within the limits of established internal rules and regulations, and reduces credit risk by limiting counterparties to highly creditworthy financial institutions.

b. Management of market risk (fluctuation risk of stock price and interest rate)
With regard to short-term and long-term investment securities, the Group manages this risk by periodically examining market prices and financial condition of the issuing entities.

c. Management of financing liquidity risk (the risk of not being able to pay the debt on due date)
The Finance Department of the Company and responsible divisions of each subsidiary make and renew financing plan timely based on reports from each branch and manage liquidity risk to maintain short-term liquidity. In addition, the Group secures several steady financing means by setting commitment lines and overdrafts. The Group establishes systems to supply funds to consolidated subsidiaries expeditiously by using cash management system and the like.

d. Supplemental information on the fair value of financial instruments
The Group's estimates of the fair value of financial instruments include variable factors, and are subject to fluctuation due to changes in the underlying assumptions.

(2) Matters related to the fair value of financial instruments

Amounts stated in consolidated balance sheets, fair value and their differences as of January 31, 2024 are as follows. Shares, etc. without market prices are not included in the table below (see Note 1). Moreover, cash and deposits, notes receivable, accounts receivable from completed construction contracts, etc., notes payable, accounts payable for construction contracts, electronically recorded obligations-operating, and short-term loans payable have been omitted, as these are cash-based and market value approximates book value as settlements occur within a short period of time.

Millions of yen

	Amount stated in consolidated balance sheets	Fair value	Difference
Short-term investment securities and long-term investment securities			
Debt securities expected to be held to maturity	120	120	–
Securities of subsidiaries and affiliates	3,880	2,798	(1,081)
Other securities	102,938	102,938	–
Total assets	106,938	105,856	(1,081)
Bonds payable	50,024	49,790	(234)
Long-term loans payable	260,700	256,794	(3,906)
Total liabilities	310,724	306,584	(4,140)
Derivatives*	(2,390)	(2,390)	–

*The net balance of payables and receivables is shown, with parentheses indicating a net balance of payables.

Notes:

1. Shares, etc. without market prices

Millions of yen

Category	Amount stated in consolidated balance sheets
Unlisted shares	73,779
Investment to SPC, etc.	17,719

Shares, etc. without market prices are not included in "short-term investment securities and long-term investment securities" under assets.

Equity investments in special purpose companies are accounted for based on Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, Accounting Standards Board of Japan), and are not subject to fair valuation disclosure.

2. The current portions of bonds payable and long-term loans payable are included in the amount stated in consolidated balance sheets for bonds payable and long-term loans payable and fair value.

(3) Breakdown of financial instruments by level of fair value

The fair value of financial instruments is classified into the following three levels based on the observability and significance of the inputs used to calculate fair value.

Level 1 fair value: Fair value calculated using (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 fair value: Fair value calculated using directly or indirectly observable inputs other than those in Level 1 fair value

Level 3 fair value: Fair value calculated using significant unobservable inputs

When multiple inputs that may have a material impact on the calculation of fair value are used, the calculated fair value is classified at the lowest level of the inputs used.

(i) Financial instruments carried on the consolidated balance sheets at fair value

Millions of yen

Category	Fair Value			
	Level 1	Level 2	Level 3	Total
Short-term investment securities and long-term investment securities				
Other securities				
Shares	102,938	–	–	102,938
Total assets	102,938	–	–	102,938
Derivatives				
Currency-related	–	2,390	–	2,390
Total liabilities	–	2,390	–	2,390

(ii) Financial instruments not carried on the consolidated balance sheets at fair value

Millions of yen

Category	Fair Value			
	Level 1	Level 2	Level 3	Total
Short-term investment securities and long-term investment securities				
Debt securities expected to be held to maturity				
Bonds	–	120	–	120
Securities of subsidiaries and affiliates	2,798	–	–	2,798
Total assets	2,798	120	–	2,918
Bonds payable	–	49,790	–	49,790
Long-term loans payable	–	256,794	–	256,794
Total liabilities	–	306,584	–	306,584

Note: Explanation of the valuation techniques and inputs used to calculate fair value

Short-term investment securities and long-term investment securities

The fair value of securities for which market prices in active markets are available is classified as Level 1. The fair value of debt securities expected to be held to maturity is calculated as the present value of the sum of principal and interest amounts, discounted using an interest rate that reflects the remaining term of the debt security and credit risk, and is classified as Level 2 fair value.

Bonds and bonds payable

The fair value of bonds is measured based on information such as prices and yields published by industry bodies and others, and classified as Level 2 fair value.

Long-term loans payable

Out of long-term loans, since the current market price of long-term loans with floating rate interest is deemed equivalent to the book value, it is evaluated by the book value. The current market value of long-term loans with fixed interest rate is evaluated by the present value thereof calculated by discounting a total of the principal and accumulated interest by an interest rate based on the term of the loan.

Derivatives

The fair value of derivatives is measured based on prices provided by counterparty financial institutions, and classified as Level 2 fair value.

8. Notes to Leasehold Properties and Other Types of Real Estate

(1) Matters related to the state of leasehold properties and other types of real estate

The Company and some subsidiaries own houses and office buildings, etc. for leasing in Tokyo and other areas.

(2) Matters related to fair value of leasehold properties and other types of real estate

Millions of yen

Amount stated in consolidated balance sheets	Fair value
377,931	452,620

Notes:

1. The above amount stated in consolidated balance sheets is calculated by deducting the accumulated depreciation from the acquisition cost.
2. Amounts based on real estate appraisal by independent real estate appraiser are adopted as the market value of major properties. Other properties adopted the value which the Company estimated based on Real Estate Appraisal Standard as the market value.

9. Notes to Revenue Recognition

(1) Disaggregation of revenue from contracts with customers

Millions of yen

	Business segment					
	Detached Houses Business	Rental Housing and Commercial Buildings Business	Architectural/ Civil Engineering Business	Rental Housing Management Business	Remodeling Business	Development Business
Contracting and sales	470,775	518,970	269,427	–	173,194	456,843
Real estate management and other	7	1	29	640,704	–	54,264
Net sales to external customers	470,782	518,971	269,456	640,704	173,194	511,107
Other revenue (Note)	7	0	29	593,755	–	56,074
Revenue from contracts with customers	470,775	518,971	269,427	46,948	173,194	455,032

	Business segment	Other Businesses	Total
	Overseas Business		
Contracting and sales	495,544	2,309	2,387,063
Real estate management and other	15,510	9,660	720,178
Net sales to external customers	511,055	11,969	3,107,242
Other revenue (Note)	12,507	1,517	663,893
Revenue from contracts with customers	498,548	10,451	2,443,349

Note:

Other revenue includes lease income based on the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007) and the transfer of real estate (including real estate trust beneficiary rights) subject to "Practical Guidelines for Accounting Treatment of Real Estate Securitization Using Special Purpose Entities by Transferors" (Accounting System Committee Report No. 15, November 4, 2014).

(2) Information fundamental to an understanding of revenue from contracts with customers

The payment of considerations for transactions in the Company's main businesses is generally received within one year after the Company satisfies its performance obligations, and do not include any material element of finance. There are no material considerations for which the amount of the consideration may vary.

(i) Contracting and sales

For build-to-order transactions, the Company concludes construction contracts with customers. The Company's performance obligations based on these contracts include undertaking construction and delivering the completed buildings or other works to the customers. The Company considers that these performance obligations are satisfied over time, and recognizes revenue under these contracts based on the degree of progress towards satisfying these performance obligations. The input method is used to estimate the degree of progress, where the actual costs incurred are measured as a proportion of the total construction costs.

For construction contracts, etc. where the construction period is extremely short, the Company applies an alternative treatment whereby revenue is recognized when performance obligations have been fully satisfied.

For real estate sales transactions, the Company concludes sales contracts with customers. The Company's performance obligations based on these contracts include delivering the property to the customer. The Company considers that these performance obligations are satisfied at the point in time when the property is delivered to the customer, and recognizes revenue under these contracts when the property is delivered to the customer.

(ii) Real estate management and other

For real estate lease transactions, which are the main form of real estate management, the Company recognizes revenue over the term of the lease, based on "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13). This revenue is included in "other revenue."

For real estate management transactions, the Company concludes management service contracts with customers. The Company's performance obligations based on these contracts include providing building management services to the customer. Revenue from these contracts is recognized as performance obligations are satisfied, either at a point in time or over time, in accordance with the content of the performance obligations.

(3) Information to enable an understanding of the amount of revenue for the fiscal year under review and the next fiscal year onward

(i) Balance of contract assets and contract liabilities

Millions of yen

	Fiscal year ended January 31, 2024
Receivables from contracts with customers (at the start of the fiscal year)	44,478
Receivables from contracts with customers (at the end of the fiscal year)	33,071
Contract assets (at the start of the fiscal year)	111,058
Contract assets (at the end of the fiscal year)	142,138
Contract liabilities (at the start of the fiscal year)	144,117
Contract liabilities (at the end of the fiscal year)	159,309

Contract assets relate to the rights held by the Company and its consolidated subsidiaries to receive consideration under construction contracts with customers for which revenue has been recognized due to progress in satisfying performance obligations but not yet invoiced as of the end of the fiscal year. Contract assets are transferred to receivables from contracts with customers at the time when the rights held by the Company and its consolidated subsidiaries to receive consideration become unconditional. Consideration under these construction contracts is invoiced and received based on the payment terms set forth in each contract.

Contract liabilities relate to advances received on uncompleted construction contracts, which are received from customers based on construction contracts, and deposits and similar payments received from customers based on real estate sales contracts. Contract liabilities are reversed as revenue is recognized.

Of the revenue recognized in the fiscal year under review, ¥143,021 million was included in contract liabilities at the start of the fiscal year.

(ii) Transaction price allocated to remaining performance obligations

The total transaction amount allocated to remaining performance obligations as of the end of the fiscal year under review was ¥1,552,023 million. The Company expects to recognize revenue for this amount within a maximum of 10 years.

The Company has applied practical expediency and omitted notes for amounts for which the initially expected contract term is one year or less.

10. Notes to the Information per Share

(1)	**Net assets per share**	¥2,707.90
(2)	**Net income per share**	¥309.29

11. Notes to Significant Subsequent Event

(Acquisition of a company through the purchase of shares)

At the meeting of the Board of Directors held on January 18, 2024, the Company resolved to acquire all of the shares of M.D.C. Holdings, Inc. ("MDC") (Headquarters: Colorado, Denver, United States; CEO: David D. Mandarich; listed on the New York Stock Exchange (Ticker: MDC)), which is engaged in homebuilding business throughout the United States, through SH Residential Holdings, LLC ("SHRH"), a subsidiary of the Company's wholly owned subsidiary, Sekisui House US Holdings, LLC, and executed the relevant merger agreements on the acquisition of MDC as of January 18, 2024 (Tokyo time) / January 17, 2024 (Denver time) ("the Acquisition").

(1) Purpose of the Acquisition

In 2020, the Sekisui House Group celebrated its 60th anniversary and established its global vision for the next 30 years, to "make home the happiest place in the world." To realize this vision, we are promoting the wider adoption of Sekisui House technologies in our overseas business, particularly through the provision of higher added value through lifestyle proposals and home construction technologies cultivated in Japan.

In the United States, we made Woodside Homes Company, LLC ("Woodside") a wholly owned subsidiary in 2017 to advance into U.S. homebuilding business on a full scale. Afterwards, in pursuit of expansion of business area in the U.S., we began exploring potential group builders based on the following criteria: (i) profound resonance to the Group's Global Vision and corporate philosophy and (ii) wealth of experience and expertise in the area, we made Holt Group Holdings, LLC and Chesmar Holdings, LLC a wholly owned subsidiary in 2021 and in 2022, respectively, expanding our homebuilding footprint in seven states including Utah, California, Arizona, Nevada, Oregon, Washington and Texas. In addition, in 2023, our U.S. subsidiary, Woodside acquired the business and relevant land assets of Hubble Group, LLC, a company operating in Idaho. The Group has continued to provide support growth of each subsidiary in a wide range of aspect and sought new M&A opportunities as expansion strategy to broaden footprint in unexplored regions with an aim to achieve our target of delivering 10,000 homes annually in overseas markets by FY2025.

MDC is a listed homebuilder headquartered in Denver, Colorado, with footprint in 34 metro areas in 16 states. MDC ranked eleventh (9,710 house closings) in the U.S. on the basis of house closings in FY2022. In its more than 50 years history, MDC, has delivered more than 240,000 quality houses strengths including diverse lineup of products to accommodate diversifying customer demand and capability to offer quality designed homes and possesses a corporate culture that strongly accords with the Group's corporate stance and business strategies.

Through the acquisition of MDC, the Group will expand its footprint in 16 states and establish ourselves as the fifth largest homebuilder (approximately 15,000 house closings) based on the number of house closings in FY2022 in the U.S. As a result, we will achieve our target of house closings in overseas market (10,000 homes by FY2025) ahead of schedule while solidifying the Group's presence in the U.S. In addition, by transferring Sekisui House technologies to MDC, we will endeavor to increase housing value in terms of both tangible and intangible elements, which enables us to continue providing high added value to customers and enhancing corporate value.

(2) Overview and Method of the Acquisition

(i) Overview and transaction scheme

The Acquisition will be implemented by way of "reverse triangular merger", in which Clear Line, Inc., a wholly owned company to be established by SHRH for the purpose of the Acquisition (the "Acquisition Subsidiary"), will be merged with MDC. The surviving company will be MDC and its shareholders will receive cash consideration as described below, while the surviving company will become a wholly owned company of SHRH as the Acquisition Subsidiary will merge into MDC and dissolve. The Acquisition is subject to approval at a shareholders' meeting convened by MDC, receipt of customary approvals and other permissions required from relevant authorities and satisfaction of the closing conditions specified in the merger agreement.

(ii) Acquisition cost and financing

In the Acquisition, shares of MDC will be purchased at US$63 per share (US$4,914 million in total, (approximately ¥687.9 billion according to the conversion rate at ¥140 for US$1.00)). The agreed per-share consideration to be paid represents a 41% premium to the 90-day volume weighted average trading price of MDC and 19% premium to the latest closing price (the closing price at as of January 17, 2024 (U.S. time)), respectively. Funds for the Acquisition will be secured primarily through borrowings from Group's main banks. Upon execution of the Acquisition, we will examine optimal financing methods in consideration of potential impacts on our existing shareholders and financial soundness, as well as our operating results, financial position and capitalization in order to execute permanent financing plans for the borrowings made to fund the Acquisition. Financing conditions do not constitute any requirement for conclusion of the Acquisition.

(3) Names of the counterparties to the acquisition of shares

Larry A. Mizel, BlackRock, Inc., The Vanguard Group, David D. Mandarich, Dimensional Fund Advisors LP, and others. The Company has no significant capital, personal, or business relationships with any of these counterparties.

(4) Name, business, and scale of the company to be acquired

(i) Name: M.D.C. Holdings, Inc.
(ii) Business: Operating homebuilding businesses and other related businesses
(iii) Scale: Consolidated net assets US$3,091 million
Consolidated total assets US$5,363 million (as of December 31, 2022)

(5) Timing of the acquisition of shares

First half of 2024 (planned)

(6) Number of shares to be acquired, acquisition value, and shareholding ratio

(i) Number of shares to be acquired: 74,661,296 shares
This represents the total number of shares of common stock and restricted stock awards outstanding as of January 15, 2024.
(ii) Acquisition value: Approximately US$4,954 million
Acquisition value includes the full amount required to purchase all outstanding options and other securities including performance share unit awards, and the approximate amount of advisory fees and other expenses payable in association with the transaction.
A current estimate of the acquisition value has been presented, but the final acquisition value may vary from this estimate due to value adjustments.
(iii) Shareholding ratio after acquisition: 100.0%

(7) Method used to finance the payment

Borrowings from Group's main banks

Note: Amounts of the Consolidated Financial Statements are given in the stated unit of the presentation, by disregarding any amount less than the stated unit of the presentation.

The Non-Consolidated Financial Statements for the 73rd Fiscal Year

NON-CONSOLIDATED BALANCE SHEETS			
(As of January 31, 2024)			
Millions of yen			
Assets	**1,557,919**	**Liabilities**	**619,483**
Current assets	**562,971**	**Current liabilities**	**474,186**
Cash and deposits	44,532	Notes payable-trade	4,940
Notes receivable-trade	12	Electronically recorded obligations-operating	57,835
Electronically recorded monetary claims-operating	4	Accounts payable-trade	20,855
Accounts receivable from completed construction contracts	34,118	Accounts payable for construction contracts	36,676
Accounts receivable-real estate business	2,965	Lease obligations	231
Costs on uncompleted construction contracts	2,519	Accounts payable-other	1,956
Buildings for sale	87,067	Accrued expenses	13,746
Land for sale in lots	283,657	Income taxes payable	14,896
Undeveloped land for sale	54,408	Accrued consumption taxes	11,024
Semi-finished goods and work in process	4,793	Advances received on uncompleted construction contracts	104,009
Raw materials and supplies	3,727	Advances received	14,216
Advance payments-trade	1,227	Deposits received	167,305
Prepaid expenses	9,040	Provision for bonuses	22,661
Short-term loans receivable	52	Provision for directors' bonuses	256
Accounts receivable-other	13,683	Provision for warranties for completed construction	2,765
Other	21,817	Asset retirement obligations	597
Allowance for doubtful accounts	(659)	Other	212
Noncurrent assets	**994,948**	**Noncurrent liabilities**	**145,296**
Property, plant and equipment	**319,436**	Bonds payable	50,000
Buildings	69,074	Long-term loans payable	55,000
Structures	2,857	Lease obligations	616
Machinery and equipment	7,258	Long-term lease and guarantee deposited	12,154
Vehicles	39	Provision for retirement benefits	21,188
Tools, furniture and fixtures	4,242	Asset retirement obligations	890
Land	186,464	Other	5,447
Lease assets	756		
Construction in progress	48,744		
Intangible assets	**16,367**	**Net assets**	**938,436**
Industrial property	18	**Shareholders' equity**	**894,046**
Leasehold right	1,608	**Capital stock**	**202,854**
Software	14,602	**Capital surplus**	**258,608**
Lease assets	3	Legal capital surplus	258,608
Right of using facilities	22	**Retained earnings**	**473,393**
Telephone subscription right	111	Legal retained earnings	23,128
Investments and other assets	**659,144**	Other retained earnings	450,264
Investment securities	94,991	Reserve for dividends	18,000
Stocks of subsidiaries and associates	444,002	General reserve	295,800
Investments in other securities of subsidiaries and associates	20,111	Retained earnings brought forward	136,464
Long-term loans receivable	69,377	**Treasury stock**	**(40,808)**
Lease and guarantee deposits	18,071	**Valuation and translation adjustments**	**44,288**
Long-term prepaid expenses	1,717		
Prepaid pension costs	587	**Valuation difference on available-for-sale securities**	**44,288**
Deferred tax assets	3,867		
Other	8,366	**Stock acquisition rights**	**100**
Allowance for doubtful accounts	(1,949)		
Total assets	**1,557,919**	**Total liabilities and net assets**	**1,557,919**

NON-CONSOLIDATED STATEMENTS OF INCOME	
From February 1, 2023 to January 31, 2024	
Millions of yen	
Net sales	**1,283,433**
Completed construction contracts	983,525
Real estate business	299,908
Cost of sales	**1,012,262**
Completed construction contracts	771,393
Real estate business	240,868
Gross profit	**271,171**
Gross profit from completed construction contracts	212,131
Gross profit from real estate business	59,039
Selling, general and administrative expenses	**181,394**
Operating income	**89,777**
Non-operating income	**71,943**
Interest and dividends income	64,309
Other	7,633
Non-operating expenses	**4,259**
Interest expenses	96
Interest on bonds	126
Bond issuance costs	95
Other	3,940
Ordinary income	**157,460**
Extraordinary income	**19,874**
Gain on sales of shares of subsidiaries and associates	10,187
Gain on sales of investment securities	5,040
Gain on liquidation of subsidiaries and associates	4,646
Extraordinary loss	**13,454**
Loss on liquidation of subsidiaries and associates	8,728
Loss on business of subsidiaries and associates	3,559
Loss on sales or disposal of fixed assets	902
Loss on impairment of fixed assets	257
Loss on valuation of investment securities	8
Income before income taxes	**163,880**
Total income taxes	**32,548**
Income taxes-current	30,326
Income taxes-deferred	2,222
Net income	**131,332**

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS								
From February 1, 2023 to January 31, 2024								
Millions of yen								
	Shareholders' equity							
	Capital stock	Capital surplus		Retained earnings				
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
					Reserve for dividends	General reserve	Retained earnings brought forward	
Balance at the beginning of current period	**202,591**	**258,344**	**258,344**	**23,128**	**18,000**	**310,800**	**116,657**	**468,586**
Changes of items during the period								
Issuance of new shares	263	263	263	–	–	–	–	–
Dividends from surplus	–	–	–	–	–	–	(76,864)	(76,864)
Net income	–	–	–	–	–	–	131,332	131,332
Purchase of treasury stock	–	–	–	–	–	–	–	–
Disposal of treasury stock	–	–	–	–	–	–	(41)	(41)
Cancellation of treasury stock	–	–	–	–	–	–	(49,619)	(49,619)
Reversal of general reserve	–	–	–	–	–	(15,000)	15,000	–
Net changes of items other than shareholders' equity	–	–	–	–	–	–	–	–
Total changes of items during the period	263	263	263	–	–	(15,000)	19,806	4,806
Balance at the end of current period	**202,854**	**258,608**	**258,608**	**23,128**	**18,000**	**295,800**	**136,464**	**473,393**

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total	Valuation difference on available-for-sale securities	Total		
Balance at the beginning of current period	**(50,485)**	**879,036**	**41,340**	**41,340**	**134**	**920,510**
Changes of items during the period						
Issuance of new shares	–	526	–	–	–	526
Dividends from surplus	–	(76,864)	–	–	–	(76,864)
Net income	–	131,332	–	–	–	131,332
Purchase of treasury stock	(40,018)	(40,018)	–	–	–	(40,018)
Disposal of treasury stock	75	34	–	–	–	34
Cancellation of treasury stock	49,619	–	–	–	–	–
Reversal of general reserve	–	–	–	–	–	–
Net changes of items other than shareholders' equity	–	–	2,948	2,948	(33)	2,914
Total changes of items during the period	9,677	15,010	2,948	2,948	(33)	17,925
Balance at the end of current period	**(40,808)**	**894,046**	**44,288**	**44,288**	**100**	**938,436**

Note: Amounts of the Non-Consolidated Financial Statements are given in the stated unit of the presentation, by disregarding any amount less than the stated unit of the presentation.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

(1) Basis and method of valuation of assets:

(i) Short-term investment securities:

a. Debt securities expected to be held to maturity:
Amortized cost (straight-line) method

b. Shares held in subsidiaries or affiliated companies:
At cost based on the moving average method

c. Other short-term investment securities:

- Securities apart from shares, etc. without market prices:
Market value method
(Valuation gains and losses resulting are calculated by the full net assets costing method; cost of disposal is calculated by the moving average method)
- Shares, etc. without market prices:
At cost based on the moving average method

(ii) Derivatives: Market value method

(iii) Inventories:

- Costs on uncompleted construction contracts, buildings for sale, land for sale in lots, and undeveloped land for sale:
At cost based on individual cost method (The book value is written down to the net realizable value in cases where there has been a material decline in value)
- Semi-finished goods and work in process, raw material and supplies:
At cost based on moving average method (The book value is written down to the net realizable value in cases where there has been a material decline in value)

(2) Depreciation of noncurrent assets:

Property, plant and equipment (excluding lease assets):

The Company applies the straight-line method to buildings (excluding attached structures) and facilities attached to buildings and structures acquired on and after April 1, 2016, and applies the declining-balance method to other property, plant and equipment. Expected life of assets is calculated to standards in accordance with corporate tax regulations.

Intangible assets (excluding lease assets):

The Company applies the straight-line method to intangible assets. Expected life of assets is calculated to standards in accordance with corporate tax regulations, except for company-use software, which is straight-line depreciated over its expected useful life of 5 years.

Lease assets:

With respect to leased assets for finance lease transactions other than those involving a transfer of ownership, the Company applies the straight-line method to such finance leases, where the useful lives of the assets are the terms of leases and the residual values of the assets are deemed zero.

(3) Basis for accounting for allowances:

Allowance for doubtful accounts:

To provide for losses on doubtful accounts, the Company makes provisions for general debtors based on actual historical collection rates and for specific debtors where collection is doubtful based on estimates of the amount collectible.

Provision for bonuses:

To prepare for bonus payments to employees, the Company provides for the estimated appropriate amount in the relevant fiscal year.

Provision for directors' bonuses:

To prepare for bonus payments to Directors of the Board, the Company provides for the estimated amount.

Provision for warranties for completed construction:

Provisions for losses and guarantee expenses due to post-completion defects are recorded based on historical repair and other costs arising from completed structures and detached housing.

Provision for retirement benefits:

To prepare for future retirement payments to employees, the Company makes provisions in the amount accrued at the end of the fiscal year under review based on the estimated total retirement obligations and pension assets. Method for reflecting the expected retirement benefit in the period and method of accounting for actuarial calculation differences and past service obligations are stated below.

(i) Method for reflecting the expected retirement benefit in the period:
In conjunction with the calculation of retirement benefit obligations, benefit formula attribution is adopted as the method for reflecting the expected retirement benefit in the period up until the end of the fiscal year under review.

(ii) Method of accounting for actuarial calculation differences and past service obligations
In conjunction with actuarial calculation differences and past service obligations, pro rata amounts calculated from the 5-year fixed amount method are to be reflected as expenses in the year following the fiscal year in which such expenses are accrued. As for past service obligations, pro rata amounts calculated from the 5-year fixed amount method are to be reflected as expenses in the consolidated fiscal year in which such expenses are accrued.

(4) Basis for accounting for income and expenses:

(i) Revenue from contracts with customers
The content of the main performance obligations and the time when these performance obligations are usually satisfied (the usual timing of revenue recognition) for the major businesses that generate revenue from contracts with customers of the Company are shown below.

a. Build-to-order transactions:
For build-to-order transactions, the Company concludes construction contracts with customers. The Company's performance obligations based on these contracts include undertaking construction and delivering the completed buildings or other works to the customer. The Company considers that these performance obligations are satisfied over time, and recognizes revenue under these contracts based on the degree of progress towards satisfying these performance obligations. The input method is used to estimate the degree of progress, where the actual costs incurred are measured as a proportion of the total construction costs.
For construction contracts, etc. where the construction period is extremely short, the Company applies an alternative treatment whereby revenue is recognized when performance obligations have been fully satisfied.

b. Real estate sales transactions
For real estate sales transactions, the Company concludes sales contracts with customers. The Company's performance obligations based on these contracts include delivering the property to the customer. The Company considers that these performance obligations are satisfied at the point in time when the property is delivered to the customer, and recognizes revenue under these contracts when the property is delivered to the customer.

(ii) Other revenue
For real estate lease transactions, the Company recognizes revenue over the term of the lease, based on "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13).

(5) Hedge accounting methods:

(i) Hedge accounting methods:
The Company accounts for hedging activities under deferral hedge accounting. Furiate-shori (accounting method in which the current and forward rate difference is allocated by period length for the calculation at the accounting period) is applied to forward foreign exchanges contracts and currency swap contracts which conform to the requirements of such hedge accounting.

(ii) Hedging instruments and targets:
The Company hedges foreign currency cash debts and forward transactions with exchange forward contracts and currency swap contracts.

(iii) Hedging policies:
The Company uses derivatives transactions with the aim of avoiding losses from fluctuations in exchange rates. The use of exchange forward contracts does not exceed the amount of foreign currency transactions.

(iv) Methods of assessing hedge effectiveness:
The Company omits to assess the effectiveness of hedging because the main conditions match with regard to the relevant transactions and hedge targets, and the cash flow is fixed.

(6) Accounting for consumption taxes

The amount in excess of consumption taxes not subject to deductions are expensed in the fiscal year in which they arise.

(7) Basis for translating foreign currency-denominated assets and liabilities into yen:

For foreign currency-denominated monetary claims and debts, the Company translates into yen at the rates of exchange prevailing on the non-consolidated balance sheets date. Translation differences are stated in the statements of income.

2. Notes to Changes in Accounting Policies

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, Accounting Standards Board of Japan), from the beginning of the fiscal year under review. The Company has prospectively applied new accounting policies based on the Implementation Guidance on Accounting Standard for Fair Value Measurement, in accordance with the transitional measurement in Article 27-2 of Implementation Guidance Accounting Standard for Fair Value Measurement. There is no impact on the non-consolidated financial statements.

3. Notes to Accounting Estimates

(1) Valuation of real estate for sale

(i) Amount recorded in the non-consolidated financial statements for the fiscal year under review.

Millions of yen

	Amount
Buildings for sale	87,067
Land for sale in lots	283,657
Undeveloped land for sale	54,408
Amount of loss on valuation (Cost of sales)	520

(ii) Information on the nature of significant accounting estimates for identified items

a. Method of calculation of the amount recorded in the non-consolidated financial statements for the fiscal year under review

For real estate for sale, if the net selling price at the end of the fiscal year is less than the book value, the book value is reduced to the net selling price and the reduction is recognized as a valuation loss.

The net selling price is estimated based on the selling price of each individual property, future business plans, etc.

b. Key assumptions

Key assumptions used in the calculation of the net selling price are future earnings and construction costs. These figures for the business plan are estimated based on the location, size, and merchantability of the property, transactions of similar properties, real estate market conditions, etc.

c. Effect on the non-consolidated financial statements for the next fiscal year ending January 31, 2025

If there are unexpected events such as deterioration in the economic environment and market conditions and any subsequent changes in key assumptions in the next fiscal year, the Company could report additional valuation losses.

(2) Valuation of noncurrent assets

(i) Amount recorded in the non-consolidated financial statements for the fiscal year under review.

Millions of yen

	Amount
Total property, plant and equipment	319,436
Total intangible assets	16,367
Impairment loss	257

(ii) Information on the nature of significant accounting estimates for identified items

a. Method of calculation of the amount recorded in the non-consolidated financial statements for the fiscal year under review

Real estate assets for investments are grouped by project, while other assets are grouped by operating unit, which allow the Group to manage gains and losses in a rational manner. Impairment is assessed for assets or groups of assets that show indications of impairment such as incurring consecutive operating losses or negative cash flows, a significant decline in market prices, or a change in use. When it is determined that an impairment loss should be recognized, the book value of the asset is reduced to its recoverable amount and the amount of the reduction is recognized as an impairment loss. The recoverable amount is the higher of the net selling price or the value in use. The net selling price for major real estate for investments is calculated by subtracting the estimated disposal cost from the appraised value obtained from a real estate appraiser. The net selling price of other assets is calculated by subtracting the estimated disposal cost from the appraised value calculated in accordance with the Real Estate Appraisal Standard or similar methods. The value in use is calculated by discounting the estimated future cash flows to the present value.

b. Key assumptions

Key assumptions used in estimating future cash flows and calculating recoverable amounts are rent, average daily rate (ADR), vacancy rate, occupancy rate, discount rate, and cap rate. Among them, rent, ADR, vacancy and occupancy rates are determined by comprehensively taking into account market trends, transactions of similar properties, past performance, etc. The discount rate is determined based on similar transactions, interest rate trends, etc. Cap rates for major real estate for investments are obtained from real estate appraisers.

c. Effect on the non-consolidated financial statements for the next fiscal year ending January 31, 2025

If there are any changes in key assumptions in the next fiscal year led by unexpected events such as deterioration in the economic environment and market conditions, the Company could report additional impairment losses.

4. Notes to the Non-Consolidated Balance Sheets

(1) Collateralized assets and secured liabilities

Millions of yen

Collateralized assets		Secured liabilities	
Type	Book value at the end of year	Details	Balance at the end of year
Investment securities	321	Liabilities of the subsidiary	—
Land	1,675	Deposits on contract with establishment of leasehold	613
Total	1,996	Total	613

Note: Apart from that stated above, the Company deposited cash of ¥7,070 million in accordance with Act on Assurance of Performance of Specified Housing Defect Warranty and the like.

(2) Accumulated depreciation of property, plant and equipment ¥195,728 million

(3) Liabilities guaranteed

Liabilities guaranteed for repayment (for persons to have housing mortgage)	¥131,748 million
Liabilities guaranteed for repayment (for affiliated companies to borrow from the financial institutions)	¥469,644 million

(4) Pecuniary claims and debts to affiliated companies

Short-term pecuniary claims to subsidiaries	¥6,328 million
Long-term pecuniary claims to subsidiaries	¥67,318 million
Short-term pecuniary debts to subsidiaries	¥171,111 million

(Additional information)

Changes in holding purpose of assets:

Real estate for investments of ¥102,356 million, that appeared under noncurrent assets as at the end of the previous fiscal year, has been reclassified under inventories. In addition, real estate for sale of ¥60 million, that appeared under inventories as at the end of the previous fiscal year, has been reclassified under noncurrent assets.

5. Notes to the Non-Consolidated Statements of Income

Transactions with subsidiaries

Sales to subsidiaries	¥17,755 million
Purchases from subsidiaries	¥239,707 million
Non-operating transactions	¥62,479 million

6. Notes to the Non-Consolidated Statements of Change in Net Assets

Type and numbers of treasury stock

Type of shares	Common shares
Number of treasury stock (non-consolidated) as of Jan. 31, 2023	22,384,361 shares
Number of shares increased	14,385,614 shares
Number of shares decreased	22,031,156 shares
Number of treasury stock (non-consolidated) as of Jan. 31, 2024	14,738,819 shares

Notes:

1. Breakdown of the number of increased shares held in treasury

Increase due to repurchases of fractional shares:	6,414 shares
Increase due to the acquisition of treasury stock based on the Articles of Incorporation pursuant to Article 165 (2) of the Companies Act:	14,376,800 shares
Increase due to acquisition of restricted stock:	2,400 shares

2. Breakdown of the number of decreased shares held in treasury

Decrease due to requests for additional purchases of fractional shares:	156 shares
Decrease due to exercise of stock options:	31,000 shares
Decrease due to cancellation of treasury stock:	22,000,000 shares

7. Notes to Revenue Recognition

Information fundamental to an understanding of revenue from contracts with customers

As presented in the Notes to the Consolidated Financial Statements.

8. Notes to Tax Effect Accounting

Significant components of deferred tax assets and liabilities

Millions of yen

Deferred tax assets	
Loss on valuation of shares of subsidiaries	8,726
Provision for bonuses	6,911
Provision for retirement benefits	6,576
Loss on valuation of real estate for sale	3,726
Accumulated impairment loss	3,532
Accrued enterprise taxes	1,249
Loss on valuation of investment securities	1,023
Accrued social insurance premium	1,009
Other	4,747
Subtotal deferred tax assets	37,502
Valuation allowance	(15,272)
Total deferred tax assets	22,230

Deferred tax liabilities	
Valuation difference on available-for-sale securities	(17,966)
Other	(396)
Total deferred tax liabilities	(18,362)
Net deferred tax assets and net deferred tax liabilities	3,867

Note: The main valuation allowances are loss on valuation of investment securities and accumulated impairment loss that were judged non-deferrable.

9. Notes to Transaction with Related Parties

(1) Subsidiaries and affiliated companies, etc.

Type	Company name	Percentage of owning (owned) voting rights	Business relationship	Description of transaction	Transaction amount (million yen)	Account	Balance at January 31, 2024 (million yen)
Subsidiary	Sekisui House Construction Kanto Co., Ltd.	(owning) Directly 100%	Foundation, erection, and landscape gardening work for residences constructed by the Company	Deposits through cash management systems	(Note 1) 6,842	Deposits received	16,414
Subsidiary	Sekisui House Remodeling, Ltd.	(owning) Directly 100%	Remodeling of houses built by the Company	Deposits through cash management systems	(Note 1) (87)	Deposits received	42,320
Subsidiary	SEKISUI HOUSE US HOLDINGS, LLC	(owning) Directly 100%	Loan to the company	Loan of funds	(Note 2) 54,234	Long-term loans receivable	(Note 2) 57,282
Subsidiary	NASH FINANCING, LLC	(owning) Indirectly 100%	Guarantee of the loan liabilities by the company	Guarantee of the loan liabilities	259,328	–	–
Subsidiary	WOODSIDE HOMES COMPANY, LLC	(owning) Indirectly 100%	Guarantee of the loan liabilities by the company	Guarantee of the loan liabilities	61,866	–	–
Subsidiary	HOLT GROUP HOLDINGS, LLC	(owning) Indirectly 100%	Guarantee of the loan liabilities by the company	Guarantee of the loan liabilities	17,706	–	–
Subsidiary	CHESMAR HOLDINGS, LLC	(owning) Indirectly 100%	Guarantee of the loan liabilities by the company	Guarantee of the loan liabilities	40,576	–	–
Subsidiary	SEKISUI HOUSE AUSTRALIA HOLDINGS PTY LIMITED	(owning) Directly 100%	Guarantee of the loan liabilities by the company	Guarantee of the loan liabilities	45,956	–	–
Subsidiary	Sekisui Housing (Taicang) Co., Ltd.	(owning) Directly 100%	–	Distribution of residual assets following liquidation	18,882	–	–
Subsidiary	Sekisui House No.1 (Shenyang) Co., Ltd.	(owning) Directly 100%	–	Distribution of residual assets following liquidation	16,801	–	–

Notes: 1. The figure indicates a net increase or decrease during the period. Interest rates are reasonably determined in consideration of market interest rates.

2. The transaction amount does not include foreign exchange gains or losses, but the balance at January 31, 2024 includes foreign exchange gains or losses. Interest rates are reasonably determined in consideration of market exchange rates.

(2) Directors of the Board, Audit and Supervisory Board Members, major individual shareholders, etc.

Type	Name	Percentage of owning (owned) voting rights	Relationship with the related party	Description of transaction	Transaction amount (million yen)	Account	Balance at January 31, 2024 (million yen)
Director of the Board	Yoshihiro Nakai	(owned) Directly 0.01%	Representative Director of the Board of the Company	In-kind contribution of monetary remuneration claims	(Note) 77	–	–
Director of the Board	Yosuke Horiuchi	(owned) Directly 0.01%	Representative Director of the Board of the Company	In-kind contribution of monetary remuneration claims	(Note) 42	–	–
Director of the Board	Satoshi Tanaka	(owned) Directly 0.00%	Representative Director of the Board of the Company	In-kind contribution of monetary remuneration claims	(Note) 27	–	–
Director of the Board	Toru Ishii	(owned) Directly 0.00%	Director of the Board of the Company	In-kind contribution of monetary remuneration claims	(Note) 24	–	–
Director of the Board	Hiroshi Shinozaki	(owned) Directly 0.00%	Director of the Board of the Company	In-kind contribution of monetary remuneration claims	(Note) 17	–	–

Note: In-kind contribution of monetary remuneration claims under the restricted stock (RS) remuneration plan and performance share units (PSU).

10. Notes to the Information per Share

(1) Shareholders' equity per share ¥1,447.77

(2) Net income per share ¥200.71

11. Other Notes

(Acquisition of a company through the purchase of shares)

At the meeting of the Board of Directors held on January 18, 2024, the Company resolved to acquire all of the shares of M.D.C. Holdings, Inc. ("MDC") (Headquarters: Colorado, United States; CEO: David D. Mandarich; listed on the New York Stock Exchange (Ticker: MDC)), which is engaged in homebuilding business in the United States, through SH Residential Holdings, LLC, a subsidiary of the Company's wholly owned subsidiary, Sekisui House US Holdings, LLC, and executed the relevant merger agreements on the acquisition of MDC as of January 18, 2024 (Tokyo time) / January 17, 2024 (Denver time).

For details, please refer to "11. Notes to Significant Subsequent Event" in the Notes to the Consolidated Financial Statements.

Note:
Amounts of the Non-Consolidated Financial Statements are given in the stated unit of the presentation, by disregarding any amount less than the stated unit of the presentation.

Accounting Auditor's Report on Consolidated Financial Statements

REPORT OF INDEPENDENT AUDITOR

March 14, 2024

The Board of Directors
Sekisui House, Ltd.

From: Ernst & Young ShinNihon LLC
Osaka office
Shin Ichinose
Designated and Engagement Partner
Certified Public Accountant
Yasuhiro Kozaki
Designated and Engagement Partner
Certified Public Accountant
Yusaku Iriyama
Designated and Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying Consolidated Financial Statements, which comprise the Consolidated Balance Sheets, the Consolidated Statements of Income, the Consolidated Statements of Changes in Net Assets and the Notes to the Consolidated Financial Statements of Sekisui House, Ltd. (the "Company") applicable to the fiscal year from February 1, 2023 through January 31, 2024.

In our opinion, the Consolidated Financial Statements referred to above present fairly in all material respects, the financial position and results of operations of the Sekisui House Group, which consists of the Company and its consolidated subsidiaries in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "*Auditor's Responsibility for the Audit of the Consolidated Financial Statements*." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As presented in "11. Notes to Significant Subsequent Event" in the Notes to the Consolidated Financial Statements, the Company resolved, at the meeting of the Board of Directors held on January 18, 2024, to acquire all of the shares of M.D.C. Holdings, Inc. through SH Residential Holdings, LLC, a subsidiary of the Company's wholly owned subsidiary, Sekisui House US Holdings, LLC, and executed the relevant merger agreements on the acquisition of MDC as of January 18, 2024 (Tokyo time).

This matter has no effect on our opinion.

Other Information

Other information comprises the Business Report and the related supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, the Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing the execution of duties by Directors of the Board related to designing and operating the reporting process for other information.

Our audit opinion on the Consolidated Financial Statements does not cover the other information, and we express no opinion upon it.

Our responsibility for the audit of the Consolidated Financial Statements is to review the other information and, in this process, to consider whether any material inconsistencies exist between the other information and the Consolidated Financial Statements or the knowledge that we have obtained in the audit process; also, to remain alert for any indications of other material misstatements in the other information apart from such material inconsistencies.

We are required to report any matter that we consider constitutes a material misstatement in other information, based on the work we have undertaken.

We have nothing to report in this regard.

Responsibilities of Management, Audit and Supervisory Board Members and the Audit and Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for evaluating whether it is appropriate to prepare the Consolidated Financial Statements in accordance with the assumption of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for supervising execution of duties by Directors of the Board related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the Consolidated Financial Statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users made on the basis of the Consolidated Financial Statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for our audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the Consolidated Financial Statements on the assumption of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the assumption of a going concern, the auditor is required to call attention to the Notes to the Consolidated Financial Statements in the audit report, or if the Notes to the Consolidated Financial Statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the Consolidated Financial Statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides evaluating whether the presentation of and notes to the Consolidated Financial Statements are in accordance with accounting principles generally accepted in Japan, evaluate the presentation, structure, and content of the Consolidated Financial Statements including related notes, and whether the Consolidated Financial Statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the Consolidated Financial Statements. The auditor is responsible for instructing, supervising, and implementing the audit of the Consolidated Financial Statements, and is solely responsible for the audit opinion.

The auditor reports to Audit and Supervisory Board Members and the Audit and Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit and Supervisory Board Members and the Audit and Supervisory Board regarding the observance of the independence provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence, any countermeasures that are in place to eliminate obstacles, and any safeguards that are applied to reduce obstacles to an acceptable level.

Conflicts of Interest

We have no interest in the Company or its consolidated subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act.

- End -

Accounting Auditor's Report on Non-Consolidated Financial Statements

REPORT OF INDEPENDENT AUDITOR

March 14, 2024

The Board of Directors
Sekisui House, Ltd.

From: Ernst & Young ShinNihon LLC
Osaka office
Shin Ichinose
Designated and Engagement Partner
Certified Public Accountant
Yasuhiro Kozaki
Designated and Engagement Partner
Certified Public Accountant
Yusaku Iriyama
Designated and Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying Non-Consolidated Financial Statements, which comprise the Non-Consolidated Balance Sheets, the Non-Consolidated Statements of Income, the Non-Consolidated Statement of Changes in Net Assets, the Notes to the Non-Consolidated Financial Statements and the related supplementary schedules (the "Non-Consolidated Financial Statements, etc.") of Sekisui House, Ltd. (the "Company") applicable to the 73rd fiscal year from February 1, 2023 through January 31, 2024.

In our opinion, the Non-Consolidated Financial Statements, etc. referred to above present fairly in all material respects, the financial position and results of operations of the Company in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "*Auditor's Responsibility for the Audit of the Non-Consolidated Financial Statements, etc.*" We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As presented in "11. Other Notes" in the Notes to the Non-Consolidated Financial Statements, the Company resolved, at the meeting of the Board of Directors held on January 18, 2024, to acquire all of the shares of M.D.C. Holdings, Inc. through SH Residential Holdings, LLC, a subsidiary of the Company's wholly owned subsidiary, Sekisui House US Holdings, LLC, and executed the relevant merger agreements on the acquisition of MDC as of January 18, 2024 (Tokyo time).

This matter has no effect on our opinion.

Other Information

Other information comprises the Business Report and the related supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, the Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing the execution of duties by Directors of the Board related to designing and operating the reporting process for other information.

Our audit opinion on the Non-Consolidated Financial Statements, etc. does not cover the other information, and we express no opinion upon it.

Our responsibility for the audit of the Non-Consolidated Financial Statements, etc. is to review the other information and, in this process, to consider whether any material inconsistencies exist between the other information and the Non-Consolidated Financial Statements, etc. or the knowledge that we have obtained in the audit process; also, to remain alert for any indications of other material misstatements in the other information apart from such material inconsistencies.

We are required to report any matter that we consider constitutes a material misstatement in other information, based on the work we have undertaken.

We have nothing to report in this regard.

Responsibilities of Management, Audit and Supervisory Board Members and the Audit and Supervisory Board for the Non-Consolidated Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the Non-Consolidated Financial Statements, etc. in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary

to enable the preparation and fair presentation of the Non-Consolidated Financial Statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the Non-Consolidated Financial Statements, etc., management is responsible for evaluating whether it is appropriate to prepare the Non-Consolidated Financial Statements, etc. in accordance with the assumption of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for supervising execution of duties by Directors of the Board related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Non-Consolidated Financial Statements, etc.

Our responsibility is to obtain reasonable assurance about whether the Non-Consolidated Financial Statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the Non-Consolidated Financial Statements, etc. from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users made on the basis of the Non-Consolidated Financial Statements, etc.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for our audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the Non-Consolidated Financial Statements, etc. on the assumption of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the assumption of a going concern, the auditor is required to call attention to the Notes to the Non-Consolidated Financial Statements, etc. in the audit report, or if the Notes to the Non-Consolidated Financial Statements, etc. pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the Non-Consolidated Financial Statements, etc. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides evaluating whether the presentation of and notes to the Non-Consolidated Financial Statements, etc. are in accordance with accounting principles generally accepted in Japan, evaluate the presentation, structure, and content of the Non-Consolidated Financial Statements, etc. including related notes, and whether the Non-Consolidated Financial Statements, etc. fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit and Supervisory Board Members and the Audit and Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit and Supervisory Board Members and the Audit and Supervisory Board regarding the observance of the independence provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence, any countermeasures that are in place to eliminate obstacles, and any safeguards that are applied to reduce obstacles to an acceptable level.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

- End -

Report of Audit and Supervisory Board

AUDIT REPORT

The Audit and Supervisory Board prepared this audit report based on audit reports prepared by each Audit and Supervisory Board Member upon deliberation with respect to execution of duties by Directors of the Board for the 73rd fiscal year (February 1, 2023 to January 31, 2024) and report as follows:

1. Method and Contents of Audit by Audit and Supervisory Board Members and the Audit and Supervisory Board

(1) The Audit and Supervisory Board determined the audit policy and duties assigned to each Audit and Supervisory Board Member, received reports and explanations on the audit and result of audit from each Audit and Supervisory Board Member, received reports on the execution of duties of Directors of the Board and Accounting Auditor and requested additional explanations as necessary.

(2) Each Audit and Supervisory Board Member, in conformity with standards of audit determined by the Audit and Supervisory Board, in accordance with the audit policy and the duties assigned by the Audit and Supervisory Board Member, and made efforts to communicate with Directors of the Board, Executive Officers, Audit Department and other employees, collect information and prepare and arrange for circumstances for audit and audited in the following method.

i) We attended meetings of the Board of Directors and other meetings as deemed important, received reports from the Directors of the Board and Executive Officers, etc. on their performance of duties, requested additional explanation as necessary, examined important approval documents and inspected the business and financial conditions at the head office and the principal offices. With respect to subsidiaries, we communicated and exchanged information with the Directors of the Board and Audit and Supervisory Board Members of the subsidiaries and received reports as necessary.

ii) With respect to the resolutions of the Board of Directors relating to establishment of the system that ensures the performance of duties by Directors of the Board described in the Business Report is in conformity with laws and regulations, and the Articles of Incorporation and other systems that ensure appropriate business of the Corporate Group made of the Company and its subsidiaries as required under Article 100, Paragraphs 1 and 3 of the Regulation for Enforcement of the Companies Act, as well as the system established under such resolutions (internal control system), we received reports from the Directors of the Board and Executive Officers, etc. the conditions of construction and management of them, and requested additional explanation as necessary and gave opinions.

iii) We supervised and examined that the Accounting Auditor maintained their independent position and performed due audit, received reports from the Accounting Auditor on the execution of their duties, and requested additional explanation as necessary. We received a notice from the Accounting Auditor that they have prepared the "System to ensure due execution of audit" (matters prescribed in each item of Article 131 of the Regulation on Corporate Accounting) in accordance with, among other things, the "Quality Control Standard for Audit" (Business Accounting Council) and requested additional explanation as necessary.

In accordance with the method stated above, the Audit and Supervisory Board examined the Business Report and the related supplementary schedules, the Non-Consolidated Financial Statements (the Non-Consolidated Balance Sheets, the Non-Consolidated Statement of Income, the Statement of Change in Net Assets and the Notes to Non-Consolidated Financial Statements) and the related supplementary schedules, and the Consolidated Financial Statements (the Consolidated Balance Sheets, the Consolidated Statements of Income, the Consolidated Statements of Changes in Net Assets and the Notes to Consolidated Financial Statements) for the fiscal year under review.

2. Results of Audit

(1) Results of audit of Business Report, etc.:

i) We confirmed that the Business Report and the related supplementary schedules fairly show the position of the Company, in conformity with the relevant laws and regulations and the Articles of Incorporation.

ii) We do not find any unlawful acts to have been carried out by the Directors of the Board in the performance of their duties, nor do we find any material matters that are either unlawful or contrary to the Articles of Incorporation.

iii) We confirmed that the resolutions of the Board of Directors relating to the internal control system are fair. We do not find any aspects to be pointed out for the contents in the Business Report and the performance of duties by the Directors of the Board relating to the internal control system.

(2) Results of audit of the Non-Consolidated Financial Statements and the related supplementary schedules:

We confirmed that the method and the result of the audit carried out by Ernst & Young ShinNihon LLC, Accounting Auditor, are fair.

(3) Results of audit of the Consolidated Financial Statements:

We confirmed that the method and the result of the audit carried out by Ernst & Young ShinNihon LLC, Accounting Auditor, are fair.

March 21, 2024

Audit and Supervisory Board of Sekisui House, Ltd.

Standing Audit and Supervisory Board Member	Midori Ito
Standing Audit and Supervisory Board Member	Takashi Ogino
Standing Audit and Supervisory Board Member	Ryuichi Tsuruta
Audit and Supervisory Board Member	Takashi Kobayashi
Audit and Supervisory Board Member	Yoritomo Wada

- End -